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FURTHER CORRESPONDENCE

RESPECTING

THE BRITISH COMMONWEALTH (GENERAL)

**(Australia, Canada and Newfoundland,
Eire, New Zealand, South Africa)**

PART 2

January to December 1948

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CONFIDENTIAL

FURTHER CORRESPONDENCE RESPECTING THE BRITISH COMMONWEALTH (GENERAL)

(Australia, Canada and Newfoundland, Eire, New Zealand, South Africa)

PART 2.—JANUARY TO DECEMBER 1948

CHAPTER I.—AUSTRALIA

C.R.O. ref. G 2030/16

No. 1

F.O. ref. W 1761/101/68

NATIONALISATION OF THE AUSTRALIAN TRADING BANKS

Proceedings in the Australian High Court

*Mr. Williams to Mr. Noel-Baker. (Received in Commonwealth Relations Office
10th March, 1948)*

(No. 42)
(Extract)

*Canberra,
1st March, 1948*

Sir,
With reference to my despatch No. 362 of the 8th December, I have the honour to report that the hearing commenced in the Full High Court of Australia on the 9th February of the challenges to the validity of the Commonwealth Bank Act of 1947 which proposes the nationalisation of the private banking services in Australia. The trading banks which first issued the challenge have been joined by the three non-Labour Governments of Victoria, South Australia and Western Australia and the case is being fought on the double issue that it is an unconstitutional exercise of powers and that it infringes the sovereign rights of the States.

2. It was announced shortly before the date of the hearing that Dr. Evatt, the Attorney-General, would lead for the Commonwealth Government. There was some mild questioning of the propriety of a former Judge of the High Court (from which Dr. Evatt resigned in 1940 to enter the Federal Parliament) appearing before the Court but there was no difficulty in finding precedents. More doubt was expressed as

to what Dr. Evatt's position would be in the event of the case going to the Privy Council in view of Dr. Evatt's membership of that body. The other leading counsel for the Commonwealth Government is Professor K. H. Bailey, the Commonwealth Solicitor-General. There is a great array of legal talent and in all 14 K.C.s and 16 junior counsel are engaged in the case, which is expected to last about a month.

3. The selection of Dr. Evatt to lead for the Commonwealth is attributed to the importance attached by the Government to its banking policy, Dr. Evatt's intimate knowledge of the Constitution, and the part he played in framing the original recommendation of the Party Caucus on nationalisation. It has been suggested that Dr. Evatt has grown lukewarm on the matter of banking nationalisation and one of the reasons which has influenced him in taking a leading part in the legal proceedings is, it is thought, his desire to make clear to the Party that there is no foundation for this suggestion.

4. The Commonwealth Banking Act of 1947 (a copy of which was enclosed in my despatch No. 375 of the 24th December last) gives the Commonwealth power to take over

private trading banks incorporated in Australia, and the offices in Australia of those incorporated in the United Kingdom, of the Banks of China and New Zealand, and of the Comptoir National d'Escompte de Paris offices. The Act provides for the taking over by the Commonwealth Bank of the business of the private trading banks and the "acquisition on just terms of property used in that business." It provides that the Commonwealth Bank may buy shares in a private bank at not less than the market value on 15th August, 1947, the day before the announcement of the Government's intention to nationalise banking in Australia. The Act empowers the Commonwealth Treasurer to declare that, from a gazetted date, Australian shares in a private bank shall be vested in the Commonwealth Bank. It also provides that the Treasurer may invite a private bank to make an agreement with the Commonwealth Bank for the taking over of its business. Where the private bank fails to make an agreement, the Act provides that the Commonwealth Bank shall take over its business in Australia and pay fair and reasonable compensation. The Act provides for the appointment of a Federal Court of Claims to hear claims for compensation, and to determine the compensation payable for shares compulsorily acquired.

* * * * *

9. Although the proceedings are being fully reported in the press the lengthy affidavits submitted by both sides which were read to the Court and the legal arguments are above the heads of the general public. There is therefore not the same interest displayed in the legal proceedings as there was when the legislation was under discussion in Parliament.

10. It has been generally assumed that whichever way the case goes in the High Court it will be taken to the Privy Council. Section 74 of the Constitution however states that no appeal shall be permitted to the Privy Council from a decision of the High Court upon any question however arising on questions of the interpretation of the Constitution "unless the High Court shall certify that the question is one which ought to be determined" by the Privy Council. The Attorney-General himself is stated to be confident of securing a judgment in favour of the Commonwealth by a majority of four to three and that the Court will refuse a certificate permitting an appeal to the Privy Council by the same majority. He considers that the result depends primarily upon Mr. Justice Dixon who is entirely free from any political affiliations and is indeed completely disinterested in politics. It is said that he has not even read the Parliamentary debates on the Bill.

I have, &c.

E. J. WILLIAMS,

High Commissioner.

F 12894/5/62

No. 2

THE AUSTRALIAN INTEREST IN INDONESIA

Pre-War Defence Interests

Before the late war the vital rôle which the Indonesian archipelago must play in the defence of Australia in time of a major war was not fully apparent to the generality of the people of the Dominion. Australians were indeed by no means blind to the possibility of danger from the north, and the security of the islands of the East Indies had long been regarded as a fundamental Australian interest. As early as 1883 the threat of a German occupation of eastern New Guinea led the colonial Government of Queensland to take the law into its own hands and annex that territory, and although this action was disavowed by the Imperial Government, the

protectorate of Papua was founded a year later and has since 1887 been an Australian responsibility. Again, the rapid growth of the population of southern Asia in recent decades also attracted due notice and the need for protection against Asiatic as well as European encroachment came to be recognised. But although the possibility of danger was admitted, yet in practice it was regarded seriously by only a small minority; the Australian settlements had in fact been secure from attack throughout their history and in recent years the establishment of the Singapore naval base was regarded in Australia, as in the United Kingdom, as a sufficient safeguard for the Antipodes. The fate of Australia had

from the time of the original settlement in 1788 depended essentially on the strength of the United Kingdom, and to most Australians events in Europe seemed more immediately important than events in South-East Asia. Not till the outbreak of the Pacific War in December 1941 and the rapid collapse of Malaya and the Netherlands East Indies was it brought fully home that the security of Australia also largely depended on the maintenance of a friendly power in the islands. Even in the period of growing tension with Japan, Australian attention was diverted towards the European and African campaigns and, in the words of Dr. Evatt, "the magnificent fighting qualities shown by the Russians, the success of the campaign in Syria, where the A.I.F. had done so well, the belief in the enormous productive capacity of the North American continent, the success of the convoy system in the Atlantic, together created a moral and mental Maginot Line behind which we might wait at our leisure for ultimate victory" (Australian House of Representatives, 25th February, 1942).

2. The Australian Government had indeed previously perceived the necessity for co-operation with the controlling authority in the Indies, and in the months preceding the outbreak of the Pacific War there had been close consultation with the Dutch and an agreement had been concluded, though not yet implemented, for an exchange of diplomatic representation between the Netherlands and Australian Governments; but most Australians remained indifferent, not realising that the security of their country was bound up with the neutrality or defensibility of Netherlands India.

3. The speed of the Japanese advance and the rapid establishment of Japanese forces in the islands thus came as a severe shock, which produced a marked reorientation of thought. From that time, "just as Japan regarded the island system from Sumatra to the Solomons as the southern palisade of her political and economic 'co-prosperity sphere,' Australians see it as the northern bastion of their own defensive system. Unless the islands are strongly held by friendly powers, they are a constant threat to Australia's security, and Australian foreign policy must be largely dominated by considerations of their future control. This island arc forms Australia's most vulnerable frontier"

(G. L. Wood: *Australia's Interests in the Adjacent Islands*, 1947, p. 298).

Pre-War Economic Interests

4. Although for some years before the war the economic connexion of Australia and Netherlands India had been growing closer, trade between the two had not assumed any great dimensions. The Indies supplied Australia with petroleum products, tea, kapok, crude rubber, flax and hemp, and in return Australia supplied flour, butter, bacon, ham and drugs. This trade was tending to increase: in the year 1938-39 Australia's imports from Indonesia were almost double what they had been in 1934-35, and whereas in 1936 Australia imported more from Japan than from any other foreign country except the United States, from 1937 onwards Indonesia outstripped Japan in the Australian market. Nevertheless, in the year 1937-38, of total imports into Australia valued at £113,975,060, the Indies supplied a value of £7,530,509, or only 6½ per cent.; while Australian exports to the Indies valued only £A.1,467,765, or less than 1·2 per cent. of total Australian exports of £A.125,837,879. Australia was, however, the Indies' chief customer for tea, and ranked second only to Singapore among the Indies' customers for petroleum products.

5. The increasing prosperity of Australia and her development of manufactures were already increasing the demand for foodstuffs and raw materials from Indonesia when in 1939 the war began. From 1939 onwards difficulties of shipping tended to disrupt the normal trade channels between Indonesia and the Netherlands, and in 1940 the occupation of Holland by the enemy left the Indies with no choice but to seek new markets and new sources of supply. For these purposes Australia was at hand. Moreover, the circumstances of the war were already leading to an acceleration of the industrialisation of Australia. Thus, whereas in 1938-39 the Netherlands East Indies had imported from Australia goods of a total value of only £1,380,000, in 1940-41 the value of such imports had risen to £3,056,000; of these totals, Australian foodstuffs had risen from £1,080,000 to £2,037,000, and chemicals, fertilisers and manufactures from £163,000 to £457,000. The fall of the Indies to the Japanese, however, terminated this growing trade and for the time being closed this opening for Australia's growing industries.

Pronouncements on Policy during the War

6. During the war period a number of Ministerial statements were made, principally by Dr. Evatt, indicating the attitude which the Australian Government proposed to adopt towards Indonesia after the war. Emphasis was laid on the necessity for some form of regional organisation in the south-west Pacific, in which Australia would play a prominent and perhaps dominant rôle. There was, it was affirmed, no desire to prejudice the sovereign rights of the Netherlands, and the restoration of Dutch sovereignty after the Japanese occupation was accepted as part of the basis of future organisation (Dr. Evatt in the Australian House of Representatives, 14th October, 1943); but at the same time there must be some system of common security in which Australia must share. "We cannot afford again to have defence areas of such weakness to attract the unwelcome attention of an aggressor," wrote Dr. Evatt (*Sydney Daily Telegraph*, 18th August, 1943). "Preparation in common is the one guarantee of security for all. I therefore visualise the formation of a great south-west Pacific zone of security against aggression and, in its establishment, Australia must act with such colonial powers as Holland, France and Portugal, as well as with the United States and Great Britain." Dr. Evatt developed the point in the House of Representatives in October of the same year: "As a result of the war," he said, "Australia must show a particular interest in the welfare and system of control of those islands and territories which lie close to our shores. From the point of view of defence, of trade and of transport, most of them can fairly be described as coming within an extended Australian zone. It is certain that we shall be able to find common ground for collaboration so as to bring about greater security and mutual benefits in the post-war world. . . . We visualise the restoration of Dutch . . . sovereignty. Here again, it will be essential that the islands shall be grouped in the same defence zone as Australia."

7. A similar principle was adopted by the Australian and New Zealand Governments in common at the Wellington Conference. In debating the resolutions of this Conference in the Australian Parliament on 30th November, 1944, Dr. Evatt stated that "Australia and New Zealand feel that they have a special responsibility in

this south-west Pacific area, in which they are the main representatives of Western civilisation." That responsibility was not exclusive: all the Governments concerned should, in the view of the Conference, determine in joint consultation such matters as "division of responsibilities for defence and maintenance of security bases, mutual facilities in such bases, the disposal of enemy territories, changes in the system of control in particular territories, the policing of agreed areas, measures to promote native welfare and economic development." All such matters should be settled jointly, but, said Dr. Evatt, while the Conference had contemplated international action in respect of future security and welfare in the south-west Pacific, "the one thing which we have consistently claimed is that, in this region which is more directly vital to us than to any other nation, and where our destiny lies, these things should be determined only after full consultation with us. No democratic leader would take or has taken exception to this claim. In my opinion no Australian or New Zealand leader could be excused if he failed in his duty to insist on this."

8. Dr. Evatt also advocated a policy of trusteeship in the interests of the indigenous peoples. "Our post-war order in the Pacific cannot be for the sole benefit of one Power or group of Powers. Its dominant purpose must be that of benefiting the peoples everywhere. If 'freedom from want' means anything, it means that the age of unfair exploitation is over. If the attainment of a higher and better standard of life for all the Pacific peoples involves any changes in forms of government or administration, either as a means of progress or as a consequence of it, the United Nations must be ready to make the necessary changes. In short, we must found future Pacific policy on the doctrine of trusteeship for the benefit of all the Pacific peoples" (*House of Representatives*, 3rd September, 1942).

9. Thus Australia advanced a claim to a voice not only in common defence measures but also in any "changes in the system of control in particular territories" and in "measures to promote native welfare and economic development," despite the affirmation that "of course we have no desire of aggrandisement or prejudicing the sovereignty of the Netherlands. . . . The Netherlands is our gallant ally" (Dr. Evatt in the *Sydney Daily Telegraph*, 18th

August, 1943). Australian policy had come to involve the extension of Australian influence over Indonesia by the inclusion of the archipelago in a defence zone dominated by the Commonwealth, and also, if changes in the system of government should be necessary for the amelioration of the life of the inhabitants, the right of Australia to a voice in determining such changes. While at that stage there was an avowed readiness to recognise the continuing sovereignty of the Netherlands, in practice there was a determination to draw the Indies into the Australian sphere of influence.

Australian Policy in the Post-War Period

10. By the end of the war it had come to be recognised that the Indies, with their fertile soil and with a population ten times that of the Commonwealth, are essential to the economic development of Australia as much as to its defence. Foodstuffs and raw materials needed for the expanding population and industries of Australia can be found close at hand in the Indies, while the Indies can provide the readiest market for Australia's new manufactures. During the war the process of industrialisation advanced rapidly in Australia, and at the end of the war "informed Australian opinion is convinced that the war-time expansion of industry can be maintained only by an enlarged export of every type of manufacture to available markets of the Western Pacific" (Wood, *op. cit.*, p. 303). Access is required to the great natural resources of the archipelago and to the market which its population can provide. But Dutch policy in the past has been strenuously opposed to any such development. The traditional policy of the Dutch has been to maintain an almost monopolistic system, in which in general the Indies provide foodstuffs and raw materials for the needs of the industrial population of the Netherlands, and receive in return Dutch manufactured goods. If this principle be maintained, the needs of Australia in Indonesia cannot be satisfied. Thus from the Australian angle there is a case for breaking down the Dutch system, which even in pre-war days had caused disagreements over mining rights in New Guinea, while to the Dutch, whose prosperity has for three hundred years been dependent on the connexion with the Indies, such a radical change of policy cannot be congenial. A clear conflict of interests be-

tween Australians and Dutch thus emerges. Australia needs an Indonesia free from Dutch leading-strings and at liberty to trade where it will: given such conditions, the proximity of Australia as a market and a source of supply must give the Dominion a very great advantage over any competitor. The Dutch, on the other hand, must aim at restoration of as intimate a connexion with the economy of the Indies as circumstances may permit.

11. At the same time, Australia needs a strongly organised Government in Indonesia, equipped for defence and efficient enough to prove a useful, if subordinate, partner to the Commonwealth in time of war. This end might indeed be best served by the restoration of Dutch control; the Dutch would almost certainly be more efficient than the Indonesians are ever likely to be. On the other hand, there is a very real danger that the restoration of Dutch rule would involve a continued struggle with the Nationalists, in which the country would be gravely weakened and would, in consequence, be rendered of little use as an ally. For the sake of Australia's security, a peaceful and united Indonesia is essential, whereas a disunited Indonesia, perhaps torn by civil war and at best distracted by suppressed unrest, would be an easier prey to an enemy than the Indies proved in 1942. The need for domestic peace in Indonesia, moreover, is equally great in the economic sphere, for hopes of increased commerce between Australia and the Indies depend not only on the elimination of Dutch monopoly but also on the establishment of peaceful conditions within the islands; since the war ended in 1945, disturbed conditions, the Dutch blockade, and admittedly also the Australian Waterside Workers' boycott of Dutch shipping, have effectively prevented the revival of Australian-Indonesian trade, and in 1946-47 Australia's exports to the Indies amounted to a total value of only £486,000. Whether the creation of an autonomous Indonesia would in fact produce stability and unity may indeed be doubted, but since the reimposition of Dutch authority is likely also to be accompanied by disturbed conditions, it remains merely a matter of opinion which of the two dubious situations is to be preferred.

12. Moreover, recent years have seen a significant recession of European power in southern Asia and it is not unreasonable to assume that the process already brought to

its completion in, for example, Burma, will perhaps before long reach a similar end in Indonesia also. If, as it seems to many Australians, the Dutch are doomed to suffer sooner or later the loss of their power in the Indies, it is wisdom for Australia to support the Indonesians in the present conflict and so, by accelerating their victory, to ensure their goodwill for the future. Furthermore, American sympathies, at least until lately if not still, were very clearly anti-Dutch and there has been a risk that by supporting the Indonesians the Americans might succeed in occupying the dominant place in Indonesian affairs to which the Australians themselves aspire; Australia could thus ensure that Indonesia would fall within the Australian orbit only by outdoing the Americans in the display of sympathy for the Nationalist cause.

13. There is thus a case for the view that, inefficient and unstable though a self-governing Indonesia may prove to be, nevertheless, both from the defence angle and from the economic angle, Australian interests would be best served by the speedy realisation of Indonesian hopes of autonomy and by the subsequent establishment of close relations with an independent Indonesian state. So Dr. Evatt observed in the Australian House of Representatives on 13th March, 1946, that, while friendly relations with the Dutch are desired, "at the same time it is important to do everything possible to establish good relations with the Indonesian and other dependent peoples of the world who are advancing towards a greater degree of self-government."

14. To most Australians, however, the issue presents itself in simpler terms. They see it as essentially a struggle between right and wrong. To them the present conflict is a clear case of an oppressed people striving for freedom from the oppressor and naturally their sympathies are with the oppressed. Indonesian propaganda has been by no means unskilful in creating the impression of a down-trodden people who have for centuries been ruthlessly exploited by the hard-hearted imperialists, and Australians have been the readier to accept this interpretation because of their intense dislike of the Dutch. The Dutch are notoriously "difficult"; and in the case of those who took refuge in Australia during the late war this inherent characteristic was accentuated by the psychological disturbance which exiles normally suffer, for frustration and an inner consciousness of

inferiority produced by defeat tend in such cases to find compensation in quarrelsomeness and aggressiveness. "There is no doubt," writes an informed observer, "that during the war the Dutch in Australia adopted a somewhat unreasonable and tactless manner in many of their dealings with Australians, and in service matters particularly were unduly wasteful in men and materials to a point which at times was almost ostentatious. The result of this behaviour was that, whilst individuals might be popular, Dutchmen as a whole were far from popular in Australia generally, and especially with officials and members of the Government."

15. The Indonesians, moreover, have had the steadfast support of the Communists of Australia, who are able to bring pressure to bear on the Government through the Trade-Union movement. Apart altogether from the "anti-imperialist" attitude common to all Communists, there is a particularly close connexion between the left-wing in Australia and that in Indonesia, for in 1942 the Dutch transported to Australia a number of left-wing Indonesian Nationalists so as to keep them out of Japanese hands, and these established contact with the Australian Communist Party. The contact has been maintained and the Australian Communists have expressed their sympathy for the Indonesian Republic by such measures as the boycott of Dutch shipping by the Waterside Workers' Federation. One unfortunate effect of this has been that the question of Australian interests in Indonesia has been bedevilled by domestic party politics; the opposition uses the Communists' support for the Indonesian Republic as a stick wherewith to beat the Government, and complains that, in the words of Mr. Menzies (*Sydney Morning Herald*, 26th July, 1947), "up to date the result of the Australian Government's policy on Indonesia has been surrender to a handful of waterside workers"; the Government, says the opposition, has allowed the Dominion's foreign policy to be dictated by the Communist Party.

16. In general, however, Australian sympathies lie with the Indonesian Republic, and the view expressed by the opposition is not widely held. The Dutch "police-action" of July 1947 gave further strength to anti-Dutch feeling. Thus three Anglican ecclesiastics, including one bishop, together with two Methodist clerics, jointly

denounced the "police-action," declaring that "the Dutch have decided to launch war upon a native people. . . . There is nothing to justify recourse to violence at this stage of the negotiations." No doubt a certain element of rather vague humanitarianism enters into the picture, but humanitarianism is by no means to be regarded as a negligible factor in public affairs, especially when it reinforces practical interest. Humanitarianism and interest clearly coincided in the action of the Australian representative in the Security Council in July 1947, when his Government's attitude was stated with some frankness: in the course of his remarks Colonel Hodgson said that, "The events of the last few days have been most disturbing to the Australian Government. Not only is Indonesia adjacent to our territory, but we are bound by the closest economic and commercial ties with this important area. Therefore, we not only share the concern which all Members of the United Nations must have in the restoration of peace and security, but we feel that the interests of Australia are especially affected. . . . The situation affects the well-being and stability of the whole of the south-west Pacific and south-east Asia in which we are directly concerned."

17. It is thus not surprising that the Australian representative in the Security Council should have taken a prominent part in bringing about the Council's intervention in Indonesian affairs in 1947; that it was an Australian whom the Indonesian Republic nominated as its choice for the Good Offices Committee appointed under the Security Council's resolution of 25th August, 1947; and that Australia has supported the claim of the Republic to

membership of E.C.A.F.E. It is also not surprising that the Dutch view with grave suspicion the whole attitude of the Australian Government and that the Netherlands press not infrequently expresses its doubts of the good faith of the Australian member of the Good Offices Committee.

18. In brief, the Australian view of the situation may be summarised as follows:—

- (a) they dislike and mistrust the Dutch, whom they regard as mere exploiters;
- (b) they sympathise with the nationalist and socialist tendency of the Indonesian Republicans;
- (c) they are convinced that Indonesian nationalism will triumph in the long run;
- (d) given these conditions, it is to Australia's interest to ensure the friendship of the Indonesians, even at the expense of the friendship of the Dutch.

19. This attitude no doubt contrasts a little oddly with strict adherence to the White Australian policy. Opposition to the Dutch attempt to regain control of Indonesia and sympathy for the Indonesian Republic may seem to accord ill with a determination to exclude Indonesians, like all other Asiatics, from the unoccupied lands of Australia. But, after all, it is by no means only in Australia that men—

"Compound for sins they are inclined to
By damning those they have no mind to."

Foreign Office

*Research Department,
1st November, 1948.*

CHAPTER II.—CANADA AND NEWFOUNDLAND

C.R.O. ref. : G 2060/4
F.O. ref. : W 430/20/68

No. 3

**REPORT ON VISIT TO WESTERN CANADA, NOVEMBER 1947, BY
MR. J. J. S. GARNER, DEPUTY HIGH COMMISSIONER FOR THE
UNITED KINGDOM**

(Received in Commonwealth Relations Office 5th January)

I.—Itinerary

I left Ottawa on 11th November, accompanied by my wife, for a tour of Western Canada. I visited a number of places in the Prairie Provinces and in British Columbia and made some dozen speeches. I enclose copies of my itinerary⁽¹⁾ (with an account of the places visited and of my engagements), and of a list of the speeches⁽¹⁾ made. I spoke in the main on the economic position in Britain. I made the journey out by rail and returned by air, reaching Ottawa again on 29th November.

II.—General Comments

I am conscious that it is only too easy to return from a visit of this kind with very superficial impressions, but three points in particular struck me very forcibly:—

1. The Feeling for Britain

I found an almost universal anxiety about conditions in Britain mingled with warm-hearted admiration for her efforts and hopes for her future. Moreover this attitude does not end in sentiment alone, but is ready to seize any opportunity to take practical shape. Every town that I visited had some scheme for sending food parcels, either in connection with the Royal Wedding or in other ways, and throughout the West there was the most insistent demand to increase imports from Britain.

The only criticism I came across at all frequently was directed against "Socialism," but in the main people were only too anxious and ready to be reassured that conditions were not as had been painted (for example, in Dos Passos' recent article in *Life*), and that we had not lost all our liberties!

In many ways the ties with Britain in the West are closer and more direct than they are in the East (a higher proportion were born in the United Kingdom, though the number is, of course, decreasing), and

there is much less of the manifestations of Canadian "nationalism" than there is in, say, Ottawa.

2. Prosperity

No one could fail to see that the Prairie Provinces and British Columbia are enjoying an era of almost unparalleled prosperity. In the Prairies, this is mainly due to the high prices which the farmer is receiving and his wealth is reflected throughout the whole community. In British Columbia there has been tremendous industrial development during and since the war and the timber trade is of course booming. In Alberta there are immense possibilities of development, particularly of oil and minerals.

It is again the "Land of the Golden West," only too obviously conscious of the great future which lies in store. As a symptom of the planning for the future that is now going on, I may mention that the University of British Columbia, barely 25 years old, is now building a library to house one million books!

3. Development

There is also an atmosphere of maturity about Western society which is impressive. Although development is so recent and many communities are very isolated by our standards, there is a remarkable cohesion of society. Far from living up to the traditions of the "Wild West," the people are law-abiding, with an innate respect for Government and orderly development. Moreover the cultural standards are set high and the interest of some of the smaller communities in art and literature is remarkable—one recalls the collection of antique silver in a home in Brandon, original paintings by Canadian artists in Lethbridge, amateur dramatics in Trail, or the Civic Centre in Nelson. In stimulating interest in cultural matters, the Departments of Education have shown themselves

(¹) Not printed.

very enlightened and the programmes of broadcasting to the schools developed by the Prairie Provinces deserve special mention.

III.—Trade with Britain

The Prairie Provinces know full well that Britain is their best customer and are most anxious to ensure the security of their future markets. Thus self-interest goes hand in hand with sentiment and I found a universal cry for more British goods. The anxiety to increase trade with Britain was expressed to me on all sides—by the Provincial Premiers, by importers, by store-keepers and by members of the public. Perhaps this is most marked of all in the case of Saskatchewan, which has all her eggs in the one basket of wheat. In that Province, Mr. MacIntosh, the Minister of Co-operation, has sent a detailed questionnaire to all trade interests asking them to forward as soon as possible full particulars as to the kind and quantity of goods that they would be willing and able to take from Britain. The Saskatchewan Government intend to tabulate the information when replies are received and to forward it to the United Kingdom Trade Commissioner at Winnipeg. But the other Provinces are no less interested in stimulating trade—Alberta is particularly anxious to develop her industries and would welcome the establishment of United Kingdom branch factories or assistance from United Kingdom capital; British Columbia is developing rapidly and has, of course, traditional connections with Britain.

Indeed there is good evidence that many of our goods are already finding their way into this market. Shop windows make a particular point of displaying British-made woollens and china; there has already been some trade in cars (mostly of the Rootes group and Austins), and Mr. Coventry mentioned to me a substantial order which had recently been placed for telephone equipment. Mr. Douglas, the Premier of Saskatchewan, assured me that there was a tremendous outlet for British goods waiting in his province and he mentioned particularly that two British-made farm tractors (imported incidentally via Churchill) had recently been under prolonged and severe tests at the University of Saskatchewan and had been pronounced excellent and far superior in quality to similar machines made on this continent.

Of course, the comments that one so frequently hears were also made to me—

(1) That our goods must take account of the needs of the market and must be adapted to local conditions. In the past our manufacturers are said to have been satisfied that British goods would sell on their quality. The quality of our goods is universally admitted, but in a competitive world (particularly when the competition is with the United States) the goods must be made to look attractive to the customer—whether it is a question of brightening the patterns of printed fabrics, streamlining the gadgets on a machine, altering the width of the wheelbase of cars (so that the wheels will fit into the size of the ruts made by Canadian cars in the winter), or simply by dressing up the covering package. It was also suggested to me that much more could be done by way of advertising and by personal contacts between United Kingdom manufacturers and local buyers.

(2) That our prices are too high. It is difficult to give a general view on this, but, while our prices for motor cars, bicycles and candy were said to be competitive (the Woolworth's agent in Moose Jaw told me that he had just purchased 2 tons of candy from Barratt's which was excellent in quality and in price), there is no doubt that in many instances our prices for woollen goods, textiles and to some extent china are thought to be too high.

IV.—Migration

I found very considerable interest throughout on the question of migration. All the Provinces are anxious for more settlers and would like to obtain the majority from Britain. There is genuine concern whether Britain's man-power shortages will enable her to continue sending her sons overseas. There is also a general demand for a more active policy on the part of the Canadian Federal Government and much annoyance with Mr. Drew's Government in Ontario for having pitched in with their own separate scheme. Alberta is the only Province which seems likely to follow the Ontario precedent and they are likely to establish a separate office in London before very long. British Columbia is, in fact, already getting a substantial movement of immigrants from the United Kingdom who are arriving under their own steam and most of them seem to have no difficulty in establishing themselves satisfactorily. Saskatchewan and Manitoba

are also anxious for settlers of British stock. Incidentally, it was suggested to me that one reason why Mr. Garson, the Premier of Manitoba, has not come more into the open on this subject is that he has ambitions to enter Federal politics (with perhaps some hopes of the Prime Ministership eventually) and is anxious not to go out of his way to antagonise Quebec.

V.—Wheat Agreement

There is no doubt whatever that the Wheat Agreement has on the whole given satisfaction to the farmers and that the \$2 price for next year's crop is generally acceptable. The memories of the hard times in the '30's are still very strong and the prospect of security has meant much to the farmer. In any case the farmers are now prosperous to an extent hitherto undreamed of: practically all mortgages on farm lands have been paid off, considerable improvements have been made and the large profits enable many farmers to spend the winter months on holiday in Florida. The Premiers of both Manitoba and Saskatchewan expressed the view that both the Agreement as a whole and the price for next year were fair and reasonable.

Of course, one did hear the occasional comment that the farmers had been "crucified," but any criticisms were always directed at the Federal Government or the industrial East and not at Britain, and the implication was that the Canadian taxpayer as a whole and not the farmer alone should have borne the "loss" on prices paid under the Agreement. Moreover it is only human that the farmers should look askance when their neighbours to the south (sometimes very close neighbours) are receiving at least a dollar a bushel more than they are. But, in general, outside the Grain Exchange interests, the Wheat Agreement is definitely regarded with satisfaction.

VI.—Federal Action in the Economic Field

I heard bitter comments throughout the Prairies at the action of the Federal Government in removing the subsidies on coarse grains. This was said to be an "amazing" decision and Mr. Nollett, the Minister of Agriculture in Saskatchewan, told me that he had sent a fierce protest at once to Mr. Gardiner, pointing out that the removal of the subsidies would upset the whole economy and would nullify the efforts to diversify Canadian agriculture: unless

remedial action were taken the livestock industry would practically vanish and there would be no more bacon or meat products for the United Kingdom. Incidentally it was universally assumed that Britain *would* continue to want Canadian bacon and meat. (I completed my tour before the arrival of the Liesching Mission.)

The Canadian restrictions to deal with their dollar crisis were only announced at the end of my tour. They undoubtedly came as a great shock to public opinion, which had by no means been prepared for such drastic action. The first reaction was one of considerable bewilderment: in particular many people expressed to me their utter astonishment that the restrictions on imports were to apply to the United Kingdom as well as to the United States.

The Geneva Agreements were overshadowed by the announcement about the restrictions. The only critical comment I heard was in the Okanagan Valley, where there is grave concern at the loss of the Imperial preference on apples. There was complete understanding of our inability to purchase apples this season (and, indeed, it caused no trouble since the apple crop this year is short by just about the amount that went to Britain last year); but the Okanagan is anxious to maintain its hold on the United Kingdom market and growers are very concerned that, without the preference, they may not be able to stand up to competition from California.

VII.—Political Notes

In Federal politics, it may be said, as a rough generalisation, that the Progressive Conservatives are losing ground in the West and that the C.C.F. are not making any noticeable headway. Mr. Bracken seems completely to have failed in his attempts to rally support; he had just completed a speaking tour which had apparently done little, if anything, to increase his prestige. (I was told at a meeting in Nelson that he had harangued an after-dinner meeting for two and a half hours and had bored his audience to death!) The C.C.F. are, of course, strong in Saskatchewan and are a considerable force in British Columbia, but they are said to be losing ground in the latter Province, partly perhaps owing to the extremist attitude of the Provincial Leader, Mr. Winch. While, therefore, the present Liberal Government enjoys no great popularity and does not escape criticism, the general

feeling is that there is at present no satisfactory alternative in sight.

In Provincial politics there is a general recognition that each of the present Governments is efficient and is likely to be returned at the next election. There is at present a Liberal Government in Manitoba, a C.C.F. Government in Saskatchewan, a Social Credit Government in Alberta, and a coalition Liberal-Conservative Government in British Columbia. It is remarkable that in Provinces with so many similarities there should be such variety of political

philosophies. But, in the main, parties are not judged so much by their ideologies as by their performance and their records. Each of the present administrations seems to pass this test, and I met many people in Saskatchewan and Alberta who were not supporters of Socialism or Social Credit respectively, but who made no secret of the fact that they would wish the present Governments to continue in office.

J. J. S. GARNER,

Deputy High Commissioner.

5th December, 1947

C.R.O. ref. G 2050/24

No. 4

F.O. ref. W. 354/20/68

SITUATION IN CANADA

Special Session of Parliament

Sir A. Clutterbuck to Mr. Gordon-Walker. (Received in Commonwealth Relations Office 12th January)

(No. 3)

Ottawa,

Sir,

6th January, 1948

As I have already reported, Parliament was summoned earlier this winter, meeting on the 5th December (instead of at the end of January as is usual) and was adjourned on the 19th December.

2. Since the end of the last session Canada, like the United States, had been affected by a steady rise in the cost of living at home and by the deepening economic crisis abroad. As a result of the policy of gradual decontrol followed by the Government in 1947, the cost-of-living index showed a rise of 19 points in less than a year, from 127 in January to 146 at the beginning of December. Prices of almost all food-stuffs, consumer goods and household necessities increased sharply as controls were lifted, and though the working population as a whole accepted these increases with surprising lack of protest (no doubt because of the tax remissions earlier in the year), there was nevertheless much discontent at the strain thrown on the family budget. The first warnings of the impact on Canada of the running out of Europe's dollar reserves were also beginning to appear in the press and these added to the general uncertainty. But in spite of provocative speeches from Opposition Leaders, who taunted the Government with drifting and urged the early summoning of Parliament to deal with these pressing issues, Ministers (with

the Geneva negotiations in mind) maintained a policy of silence.

3. It was against this background of anxious speculation that it became known towards the end of October that the Cabinet were devoting a series of special meetings to grappling with the problem of the dollar shortage. Shortly afterwards President Truman announced the summoning of a special session of Congress and the pressure grew for Parliament to be recalled. At last, just before leaving for the United Kingdom at the beginning of November, the Prime Minister announced that Parliament would be summoned to meet on the 5th December. At that time Mr. Mackenzie King intimated that Parliament would be called at this early date in order to consider the Geneva Trade Agreements: but there was little doubt that other matters would also engage Parliament's attention. In fact, when the Geneva Trade Agreements were made public on the 18th November, the Canadian Government announced simultaneously their policy of import restrictions. These restrictions were introduced by an Order-in-Council under the authority of the Foreign Exchange Control Act and took immediate effect, but it was stated they would be subject to the subsequent approval of Parliament.

4. Though it had long been clear that some form of import control would be essential, the severity of the actual restrictions came as a considerable shock to public

opinion as a whole, and in the early days of their operation there was perhaps an inevitable degree of confusion and uncertainty. The public further found it difficult to get their bearings between the promise of expanded trade held out by the Geneva Agreements on the one hand and the simultaneously announced restriction of imports on the other, and it was thus in an atmosphere of general irritation that Parliament met.

5. The Speech from the Throne contained no surprises but brought out sharply Canada's paradoxical situation: it referred to the high level of prosperity, but admitted that the country had at the same time been affected by the difficult and disturbing conditions throughout the world. The Speech affirmed that Canada would continue, as far as possible, the principle of mutual assistance in aiding world recovery, but made it clear that further assistance would have to take into account Canada's own exchange difficulties.

6. The Government had an early taste of the truculent mood of the Opposition and ran into difficulties right from the start. In an effort to speed up business, the Prime Minister moved that the debate on the Address should be adjourned after one day (instead of being allowed to trail over several weeks as is the normal practice here), and that a programme should be adhered to which would enable the Geneva Trade Agreements and the import restrictions to be discussed before Christmas. This eminently sensible arrangement met with fierce opposition and Progressive Conservative members talked loosely, but none the less violently, about trampling on the rights of Parliament. Mr. Bracken vehemently refused to be hustled, complaining that the Government had "taken six months to get in a hurry." The Conservatives pushed matters to a vote, but had so over-stated the case that the C.C.F. opposition, who had been inclined to side with them, in the event voted for the Government motion.

7. In the debate on the Address, Mr. Bracken charged the Government with responsibility for the rise in the cost of living and criticised their handling of the import restrictions, first for the delay in attacking the problem, secondly for the procedure in bringing them into effect (which he described as an "insult to Parliament"), and thirdly for the attempt to drag in the completely irrelevant issue of the Geneva Agreements. Mr. Bracken's remarks about

the United Kingdom were somewhat obscure. He insisted that the importation of British goods must be encouraged in every conceivable way, and he said that his party were prepared to support the gifts or loans to Britain. But he argued somewhat inconclusively that it was absurd for Canada to be carrying on a lend-lease system with the British on her own and then going on bended knee to the United States to get help.

8. Mr. Mackenzie King's contribution was remarkable for the fact that he confined his remarks to an account of his visit to Europe and attendance at the Royal Wedding. He spoke in strong terms about the present unrest in Europe and made no secret of the fact that it was the deliberate policy of communism to foment unrest and to make it impossible for the Marshall Plan to succeed. Speaking of his visit to Britain, he said that London and its people showed improvement on each succeeding visit, but that there could be no doubt that the great mass of the people were suffering privation. As regards further help from Canada, he permitted himself the cautious observation that, "having regard to what the people have been through, any assistance that can be given . . . is something which cannot be considered too carefully." If there had been no cloud over Europe, he said, he would have returned realising that the people would come back to the position they occupied some years ago, but again there were menacing clouds upon the horizon and he did not believe that it was possible to exaggerate what might happen as a result of the existing conditions in Europe.

9. For the C.C.F. Mr. Coldwell, like the Conservatives, also made great play with the rise in the cost of living, but he went on to attack the Government for their headlong policy of removing controls. De-control had played into the hands of profit-taking organisations and was leading inevitably to disaster. He asked for the reimposition of price controls on all the basic necessities of life, the renewal of subsidies on essential foodstuffs, and rationing of any items in short supply. On behalf of his party, he moved an amendment to the motion, regretting that the Government had "failed to use the powers provided by Parliament to control prices and by their actions had caused alarming increases in the cost of living and a dangerous lowering of the living standards of the Canadian people." At this stage, under the accepted

programme of business, the debate was adjourned until January.

10. The debate on the Geneva Trade Agreements, on which I am reporting separately, was introduced by Mr. Mackenzie King in a somewhat partisan speech, paying tribute to the Liberal Party's consistent support of the principles of free trade. Mr. Bracken emphasised the importance of Canada's trade with the rest of the Commonwealth and attacked the exchange of letters with the United Kingdom as sounding the "death knell" of Imperial preference. He accused the Government of their greatest folly in embarking on a campaign for the destruction of "our best market," and startled the Government by urging that the possibility of a Commonwealth Customs Union should be explored. Otherwise the debate was somewhat luke-warm and the Agreements will be referred to a committee for more detailed study.

11. The debate on import restrictions, on which I am also reporting separately, made little progress. The Minister of Finance was, however, able to introduce the necessary legislation. He made a full and detailed exposition of the factors which had led to the present situation, and which justified the extraordinary, but temporary measures which had been taken. The Opposition were largely content to base their attack on constitutional rather than economic grounds, again raising the cry of tyranny and dictatorship, though Mr. Macdonnell developed a sustained argument against the premature revaluation of the Canadian dollar in 1946.

12. The discussions in Parliament took place against the background of the talks with the Liesching Mission, and in the last days of the session the agreement which had been reached was announced. The Opposition made great play with their allegation that the Government's agricultural policy had failed. Mr. Bracken claimed that he had never seen in all his experience so much anger on the part of farmers throughout the country. He criticised the Government for the failure of their planning (including their "gamble" with wheat), for the removal of the coarse grain subsidies and for the resulting collapse of the livestock industry. Mr. Gardiner was necessarily somewhat on the defensive until agreement had been reached with the Liesching Mission, but, after the announcement had been made, he asserted that the policy of stabilisation had been

fully preserved and was at pains to emphasise that, while there was to be a review of the financial conditions at the end of three months, the agreements themselves ran for a year and that there was, therefore, no question of the farmer not knowing where he stood.

13. The only actual achievement by Parliament was the passage of a resolution extending until the 31st March next the powers under the Transitional Measures Act and under the Agricultural Products Act. But, as these powers would have continued anyhow until the 31st March next except for the fact that Parliament met again before the end of this year, the achievement is perhaps not very remarkable. Nevertheless the session has given an opportunity for the Government to explain their policy and for the House to have a preliminary review of the general economic and financial situation.

14. A pleasant interlude in the otherwise somewhat acrimonious atmosphere should perhaps be recorded: this was the ceremony on the 17th December when all parties in the House united in a remarkable demonstration of tribute to Mr. Mackenzie King on the occasion of his 73rd birthday.

15. I suggested at the end of my despatch No. 284 of 5th November that when the measures to reduce the adverse balance of trade with the United States were introduced much would depend on the skill with which the Government handled the situation in Parliament. The Government cannot be said so far to have displayed a very high degree of skill. The Prime Minister still dominates the House, but he has lost something of his old vigour and he has become perhaps too obsessed with the unrest in international affairs to be able to take the lead in the details of economic policy. Mr. Abbott, who has marked ability and an excellent Parliamentary manner, has somehow never quite given the impression of having come to grips with the fundamentals of the economic problem or of being altogether master of the situation. Mr. Howe has shown his usual buoyant optimism, but again a more serious and fundamental approach to the problems would have carried more weight. Mr. Gardiner has perforce been fighting a rear-guard battle of his own defending the agricultural policy which is so closely associated with his name, and which has been under such heavy attack.

16. The Government met Parliament, therefore, in an atmosphere of considerable difficulty and there were many chinks in their armour. Moreover, they were face to face with an Opposition which had been thirsting for battle. But Ministers, fortunately for themselves, have been assisted by the failure of the Opposition to seize their opportunities to the full. The issues are indeed so complex and so serious that the Opposition have themselves been knocked off balance; the crisis cuts across party lines, and there has been division in the Opposition camp, no less than in the Government's. The result has been that the Progressive Conservatives in particular had no concerted line of attack and failed to concentrate their fire. Instead, they have launched their offensive all along the line and it has too often petered out in firesome skirmishes over matters of procedure and of detail. In any case, the Conservatives, who in the past have been loudest in their demands for the early removal of all controls, are not on strong

ground in blaming the Government for rising prices. So scattered and ill-directed has been the force of the Opposition attack, indeed, that it remains to be seen how long Mr. Bracken will be able to remain their leader. Criticism from the C.C.F., who have argued that full controls should now be restored, has, on the other hand, been less sustained, and, though their case is more logical, it has little practical appeal to the Canadian public generally.

17. The Government can, therefore, congratulate themselves on having scraped through without any serious wounds. But the pre-Christmas proceedings were in the nature of a preliminary skirmish only and the real battle will not be engaged until the House resumes on the 26th January.

18. I am sending copies of this despatch to His Majesty's United Kingdom Ambassador at Washington and to the High Commissioners at other Commonwealth posts.

I have, &c.

P. A. CLUTTERBUCK.

C.R.O. ref. G 3110/5
F.O. ref. W 739/20/68

No. 5

RISE IN THE CANADIAN COST OF LIVING

Sir A. Clutterbuck to Mr. Gordon-Walker. (Received in Commonwealth Relations Office 16th January)

(No. 9) Ottawa,
Sir, 12th January, 1948

In my despatch No. 3 of the 6th January I drew attention to the steady rise in the cost-of-living in Canada, and it may be useful to set out the position in some further detail.

2. During the war prices were maintained at a fairly steady level—over the whole period 1942 to 1945 the cost-of-living index only rose from 117 to 119—and the work of the Wartime Prices and Trade Board earned universal admiration. At the end of hostilities the Canadian Government maintained price control in full force and, even when O.P.A. suddenly collapsed in the United States in June 1946, the Prime Minister gave an assurance that there was no intention of abandoning similar controls in Canada. But in the long run Canada found it impossible to withstand the impact of the rise in American prices. While the Government fought to avoid the worst in-

flationary effects which were becoming so obvious in her neighbour to the South, they were unable for any length of time to resist the inevitable pressure at home after controls had been abolished in the United States. The Government therefore embarked on a programme of decontrol which they planned should be orderly and gradual. During 1947 controls were relaxed one after the other and at the present moment the only important price control left is that on rentals for private housing.

3. The inevitable result has been a steady increase in prices throughout the year; the import restrictions imposed in November last only accelerated this trend. The latest published figures show that the cost-of-living index had reached, by the 1st December, the figure of 146. This represents an advance of no less than 19 points within the last twelve months. I enclose the

November Report⁽¹⁾ on Prices and Price Indexes issued at the end of December by the Dominion Bureau of Statistics, together with a Special Preliminary Report⁽¹⁾ on Price Movements in the month of December.

4. The increases are general and apply to almost all consumer goods. They have affected the whole community since they have involved almost all items of domestic consumption and above all foodstuffs, the food index having risen to the figure of 178 by 1st December. It may help to give life to the somewhat cold statistics if they are illustrated by reference to the actual cost of one or two items of food. For example, the sterling equivalent of the latest price of pork is 4s. to 4s. 3d. a pound, tea stands at 5s. 9d. a pound, bacon at 4s. 9d. to 5s. 6d. a pound, and a single four- or five-pound cabbage now costs no less than 5s. Increases in other prices are comparable. Thus the cost of all items of clothing has gone up and it should be remembered that there is nothing in the shape of cheap "utility" goods to which the less well-off can hope to turn.

5. The effect of this phenomenal rise in living costs on people with fixed salaries has been so serious that the Government have agreed to increases varying between 25 per cent. and 50 per cent. over the 1939 figures in the salaries of Civil Servants in the clerical grades, in the pay and allowances of personnel in the Armed Forces and in the pensions of disabled veterans and war widows. These changes are to take effect from the 1st October last.

6. In the industrial field, there have of course been frequent wage increases since the war, but these have by no means always been sufficient to cover the increased cost-of-living in recent months. It is remarkable, therefore, that labour has on the whole accepted the recent sharp increases with comparatively little protest. One reason no doubt is that there is inevitably some time-lag in these matters and most of the main industries had already secured substantial wage advances. In any case, the winter is traditionally in Canada unpropitious for industrial disputes. There is the further general consideration that most

wage-earners obtained considerable tax remissions under the 1947 budget. It is also perhaps not without relevance that the main item of expense normally met by the male wage-earner himself (as opposed to the housewife) is that of rent which has been effectively controlled. However, that may be, there are indications that labour will renew its demands for wage increases in the near future and it may be expected that, when the winter is over, these claims will be pressed hard.

7. Not unnaturally the sharp increase in the cost-of-living has led to demands for the re-imposition of some form of price control. The C.C.F., which have always attacked the policy of "headlong" decontrol and "surrender" to big business, are losing no opportunity to press home their demands for the return of rationing and price control. Even the Progressive-Conservatives, who had in the past been loudest in their demands to "free" the economy, have been unable to resist the temptation to blame the Government for the rise in the cost-of-living. The Government themselves are clearly worried at the effect of the recent increases and are showing considerable embarrassment. Ministerial statements have so far been somewhat contradictory; while they have been careful not to deny the possibility of some revival of control, they have made it clear that it would not be possible to reconstitute the whole wartime system. But unless the situation gets out of hand, they are unlikely to re-impose full controls for two reasons. First, the Liberal Party philosophy is ideologically opposed in peace-time to more than the minimum interference with the domestic economy; secondly, and more important, there would be great practical difficulties in setting up again the machinery for controls: the war-time administration has been scattered and it would be almost impossible to re-assemble it.

8. I am sending a copy of this despatch to His Majesty's United Kingdom Ambassador at Washington.

I have, &c.

J. J. S. GARNER,
(For the High Commissioner).

(1) Not printed.

C.R.O. ref. N 2005
F.O. ref. W 1765/148/68

No. 6

FUTURE OF NEWFOUNDLAND

Mr. Noel-Baker to Sir G. MacDonald (St. Johns, Newfoundland)

(No. 63)

Sir,

2nd March, 1948

I have the honour to state that His Majesty's Government in the United Kingdom have had under careful consideration the report of the National Convention of Newfoundland which was set up in terms of the National Convention Act No. 16 of 1946.

2. The terms of reference of the Convention were "to consider and discuss among themselves as elected representatives of the people of Newfoundland the changes that have taken place in the financial and economic situation of the Island since 1934 and, bearing in mind the extent to which the high revenues of recent years have been due to wartime conditions, to examine the position of the country and to make recommendations to His Majesty's Government in the United Kingdom as to possible forms of future government to be put before the people at a national referendum." In the course of their proceedings the Convention made a very full study of the financial and economic situation of Newfoundland, and I should like to pay this tribute to the conscientious way in which members of the Convention carried out their difficult task. As noted in the Report, the Convention arranged for delegations to visit both London and Ottawa and as a result of the discussions between the Ottawa delegation and the Canadian authorities, the Canadian Government issued a document setting out the arrangements which they would be prepared to recommend to the Canadian Parliament as a basis for union between Canada and Newfoundland should the Newfoundland people indicate their desire for such a course.

3. At the vote taken at the conclusion of the Convention a motion was passed without dissent recommending that the following forms of Governments should be placed before the people at the proposed referendum:—

- (1) Responsible Government as it existed prior to 1934.
- (2) Commission of Government.

A further Resolution recommending that Confederation with Canada upon the basis submitted to the National Convention on

6th November, 1947, by the Prime Minister of Canada, should be placed before the people of Newfoundland in the referendum was negated by 29 votes against 16.

4. His Majesty's Government in the United Kingdom appreciate that there has been a feeling amongst some members of the Convention that the entry of Newfoundland into a Confederation with Canada should only be arranged after direct negotiations between a local responsible Government and the Canadian Government. The terms offered by the Canadian Government represent, however, the result of long discussion with a body of Newfoundlanders who were elected to the Convention, and the issues involved appear to have been sufficiently clarified to enable the people of Newfoundland to express an opinion as to whether confederation with Canada would commend itself to them. In these circumstances, and having regard to the number of members of the Convention who supported the inclusion of Confederation with Canada in the ballot paper, His Majesty's Government have come to the conclusion that it would not be right that the people of Newfoundland should be deprived of an opportunity of considering the issue at the referendum and they have, therefore, decided that Confederation with Canada should be included as a third choice on the referendum paper.

5. The Resolution of the Convention did not indicate any limiting period for the continuance of Commission of Government if this form was found to be favoured by the electorate. Commission of Government was originally established on a temporary basis in view of the difficult financial circumstances of Newfoundland in 1933, and it appears to His Majesty's Government that if it is to be continued there must be some understanding as to the period in which the position would be again reviewed. They have decided, therefore, that the question to be placed on the ballot paper should be limited to the continuation of Commission of Government for a period of five years, on the understanding that before the end of that period arrangements should be made for a further testing of Newfoundland public opinion as to the future form of

government at the end of the five-year period.

6. The questions to be put before the people at the National Referendum will therefore be—

- (a) Commission of Government for a further period of five years.
- (b) Responsible Government as it existed in 1933 prior to the establishment of Commission of Government.
- (c) Confederation with Canada.

7. Since on the above basis there will be three questions on the ballot paper, it is intended that there should be provision in the Referendum Act for a second referendum should no one form of government get an absolute majority at the first vote. The form of Government in favour of which the smallest number of votes was cast would in that case be omitted from the ballot paper at the second Poll.

8. It will be understood that, in the event of a form of government other than Commission of Government being decided upon as a result of the referendum, the Commission of Government will continue in being for the period required to arrange for the establishment of the new form of Government. In the event of the Vote being in favour of Confederation, means would be provided to enable the full terms and arrangements for the constitution of Newfoundland as a province of Canada to be discussed and settled between authorised representatives of Newfoundland and Canada.

9. I shall be glad if you will arrange for the publication of this despatch in Newfoundland.

I have, &c.

P. J. NOEL-BAKER.

C.R.O. ref. G 2050/32
F.O. ref. W 2314/20/68

No. 7

CANADIAN ECONOMIC AND POLITICAL RELATIONS WITH THE UNITED STATES OF AMERICA

*Mr. Garner to Mr. Noel-Baker. (Received in Commonwealth Relations Office
12th March)*

(No. 53)

Sir, *Ottawa, 6th March, 1948.*

I have the honour to report that the increasing gravity of the crisis caused for Canada by her unfavourable balance of trade with the United States has thrown into high relief the extent of her dependence on the United States. The question has inevitably been raised whether, if present trends continue and Canada becomes increasingly a part of the American economic unit, she can maintain her political independence. I enclose herewith a memorandum which examines some of the implications and consequences of the economic and financial measures taken here in recent months, and also touches briefly on some of the political considerations involved. I enclose also copies of two articles,⁽¹⁾ one from the *Financial Post* and one from *Maclean's Magazine*, both on the theme of Canadian dependence on the United States; these are broadly representative of the way in which informed Canadian thought is at present moving.

2. The basic considerations are, of course, that economically Canada, as a separate entity, does not make sense. From every point of view—economic, strategic and geographic, she is part of a greater whole. The natural lines of communication all run North and South, but are made to run East and West by the artifice and devices of man. On the other hand, there are, politically, violent objections to any form of closer union, and these objections are shared alike by Toronto imperialists, Quebec isolationists, Liberal nationalists and by the socialist C.C.F.

3. The contradictory nature of Canada's position gives rise inevitably to some friction with the United States. Indeed in many ways the United States has now taken over the position of the United Kingdom as the country on whom Canada is most dependent, but from whom she is most anxious to assert her independence. There are, however, many solid examples of co-operation and, whatever ripples may appear on the surface, there is a fundamental

⁽¹⁾ Not printed.

understanding and friendly partnership between Canada and the United States which manifests itself on all major issues.

4. The traditional aim of Canadian policy has been to avoid "Gleichschaltung," either with the United States or with the British Commonwealth, and to remain in as complete as possible a state of equilibrium enjoying the advantages of association with both. Canada, therefore, is likely to continue in her attempt to defy the laws of logic and geography and to show her traditional caution, leaning exclusively neither to one nor to the other of her partners. There is little doubt that this policy commends itself to the majority of Canadians. But if the effort to remain in equilibrium seems to be leading merely to greater economic impoverishment and a falling standard of life, a majority of Canadians would probably reach the conclusion that the inevitable solution in the long run would be to seek solvency by union with the United States, even at the cost of a surrender of their present economic and political independence.

5. I am sending a copy of this despatch to His Majesty's United Kingdom Ambassador at Washington and to the High Commissioners at other Dominion posts.

I have, &c.

J. J. S. GARNER,

Acting High Commissioner.

Enclosure in No. 7

Memorandum

An increasingly grave situation for Canada has been caused by her persistent and heavy unfavourable balance of trade with the United States and the Government have recently taken measures to arrest the drain upon Canada's reserves of foreign exchange. It is as yet too early to assess how effective these measures may be or to forecast what effect economic developments in 1948 may have upon Canada's position. Various Government spokesmen have, however, expressed themselves as being satisfied with the initial results of the restrictions and have suggested that the measures so far taken will be enough to hold the position until the economic recovery of the rest of the world enables Canada to attain a long-term stability.

2. There are, however, many who feel that while the present problem owes its

gravity and urgency to the failure of Europe to recover and to other causes arising out of the war, it is in fact a symptom of a disequilibrium in Canada's own position far more fundamental than the Government have ever publicly admitted. On this interpretation something much more drastic than the present emergency measures and amounting to a radical reshaping of the Canadian economy will eventually be necessary. It has not escaped attention that any such major steps will raise the whole question of Canada's relationships with the United States and the rest of the world and that, though the origin of the problem is economic, its implications may be political.

3. The development of the crisis and the imposition of restrictions have above all underlined with peculiar emphasis the extreme dependence of the Canadian economy upon that of the United States. A very substantial proportion of Canadian industry consists of United States subsidiaries, a great many of which rely upon the importation of components from their parent companies in the United States to carry on their manufactures. The entire industrial nexus in central Canada depends for all its coal upon imports from the Appalachian coalfield of the United States. By far the greater part of the large quantity of oil and gasoline products consumed in Canada are imported from dollar sources. These are only the most striking examples, in any one of which cessation or serious reduction of imports from the United States could virtually cripple the Canadian economy; the same pattern is repeated throughout the entire economic structure of the country.

4. There is also a psychological link in that the ties between Canada and the United States are so close that it is not practicable to expect the Canadian population to accept a standard of living which is lower by too marked a degree than that South of the border. Indeed, in view of the geographical nature of that border, it would be a matter of the greatest practical difficulty to enforce import restrictions which imposed a substantially lower standard of living on Canada and thereby made smuggling a really profitable occupation; memories of the ugly history of the border in the days of prohibition are by no means absent from the minds of Canadian Ministers and officials in considering the degree to which restrictions can safely be pushed. But, above all, every indication seems to

show that if self-denial has to be carried too far, a majority of Canadian opinion will reach the conclusion that the policy which is intended to get the best of both worlds is in fact getting the worst of both and will demand that Canada should seek at once to share in all the economic advantages enjoyed by the United States, even at the cost of complete economic union.

5. The increasing realisation of the degree of Canada's dependence on the United States, and the growing appreciation that her present balance of payments difficulties almost certainly reflect something more than a mere short-term dislocation, have led to widespread demands for a closer "integration" of the Canadian economy with that of the United States. What is meant by this term is for the most part extremely vague, and the prophets of integration are in general those who are struck by the paradox of Canada's present position and feel that something must be done about it, but are not very clear what that something should be. There are, however, frequent references to the workings of the Hyde Park Agreement during the war, and Ministers have from time to time stirred up further discussions by suggesting that there is a possibility of additional dollar receipts through a continuance of these arrangements in peace-time. There have also been rather nebulous suggestions about requiring United States subsidiaries to justify their existence by re-exporting some of their products to the United States—automobile parts in particular have been mentioned. These suggestions have also received some Ministerial support, but consideration of any positive measures has made little, if any progress. In particular no one has suggested what can be done, should the parent companies be unwilling to allow exports to the United States from their subsidiaries—which were, for the most part, established solely to avoid the Canadian tariff, and to enjoy the benefits of imperial preference in other parts of the Empire.

6. It is quite clear that the very close ties between the two economies constitute one reason for what may seem to be undue caution on the part of the Canadian Government in imposing restrictive measures to protect their balance of payments. At the same time the Canadian authorities, who fully realise how dependent is their industry upon American goodwill and who are now counting in the immediate future on being considered a

suitable recipient for E.R.P. dollars, are most concerned to take no steps which shall not have the approval of the United States. It is all too painfully apparent that restrictions which provoked retaliatory action by United States interests could not fail immediately to wreck the Canadian economy. The impossibility of imposing a standard of living very different from that in the United States is also much in the minds of the Canadian Government; even the fairly moderate restrictions which have so far been imposed have given a new impetus to those circles in Toronto and elsewhere which see immediate economic union with the United States as the only solution, and it is only too well appreciated that every intensification of austerity will merely serve to make this party more vocal and more influential.

7. There are, of course, a number of people who support the idea of economic union without realising fully that it would involve in fact political as well as economic domination by the United States. Nevertheless, the more articulate and active supporters of the idea appreciate quite clearly that this would be the result, and are prepared to accept it—reluctantly perhaps, but in any event as being preferable to economic disaster.

8. It should not be thought that the closeness of the economic ties between Canada and the United States has always spelled harmony: on the contrary, the closeness itself has inevitably generated friction. Canadian opinion, for example, was shattered recently and her pride hurt by the discovery that the credit of the Canadian Government did not stand high enough in the eyes of Wall Street to enable them to raise a loan on the commercial market; they were, therefore, unable to carry out their intention of replacing the Export-Import Bank loan with a commercial one. There have been many signs that Canada is at the mercy of her powerful neighbour. High-handed action by United States officials in controlling supplies to Canada (for example, the embargo on freight cars imposed by the United States Transport Controller) have even led to protests on the diplomatic level. Such incidents make Canadian opinion quickly sensitive to any suggestion of dictatorship and, in the recent parliamentary debates on the Foreign Exchange Conservation Bill, the old war cry of "No truck or trade with the Yankees" has again been raised. (On the reverse side of the medal, the absence of any protests from United States

business interests at the severe import restrictions, the understanding shown by the United States Government over this issue and their readiness to finance "off-shore" purchasing in Canada under the E.R.P. plan have helped to keep matters in perspective).

9. The stresses and strains in the economic field have been reflected in the political sphere. Internationally Canada has undergone a complete change since the days before the war. For the first time in a century she has become vulnerable to foreign attack and the possibility of a conflict between Russia and the States has given a new meaning to the Canadian North. The plans of the United States military authorities for the defence of the Western Hemisphere have inevitably embraced Canada, and the Canada-United States Joint Defence Board has not only survived the war, but has undertaken fresh responsibilities. Joint planning for the defence of the North has gone on and, while, in general, matters have proceeded smoothly, some of the actions of the United States Service authorities have paid little regard for Canadian sovereignty and have caused irritation. Fears have been expressed by the Opposition (both Conservative and C.C.F.) at the danger of the United States forces ignoring Canadian rights, and while much of this talk has been irresponsible, there is undoubted uneasiness at the realisation that Canada would inevitably be involved, as another Belgium, in any struggle between her two powerful neighbours, and at the implication of the

colossus to the South spreading with armed might on Canadian soil.

10. In foreign affairs, too, there has been a good deal of criticism of the United States, and latterly there have been growing complaints in official circles that the United States is using the United Nations as a pawn in her own game and, in the name of the United Nations, is browbeating her friends to the support of policies which redound solely to the advantage of the United States. Canada's lone fight against the recent United States proposals in regard to Korea is no doubt partly attributable to her determination to show that she is not subservient to the United States. Despite the lead taken by Canada in securing adoption of the partition plan for Palestine, officials and others will often give vent in private discussion to bitter and violent condemnation of American behaviour on this subject.

11. In conclusion a trivial but in many ways typical incident may be recalled which revealed in a sharp light the sensitiveness of Canadian opinion to any suggestion that the United States was able to dictate to Canada. It was reported that the United States Ambassador had made at External Affairs a personal but emphatic protest at the appointment of Mr. Turcotte as the Canadian Consul-General at Chicago. The reaction in Government circles was immediate—the appointment was forthwith confirmed and officials made it clear that they refused to accept orders from the United States and spoke with some heat of their being treated as "just another banana republic."

AS 2212/33/51

No. 8

ATTITUDE OF CANADA REGARDING THE RIO TREATY

Mr. Bevin to Lord Inverchapel (Washington)

(No. 696. Confidential)

Foreign Office,

My Lord,

13th May, 1948.

With further reference to my despatch No. 512 to Washington of 7th April, concerning the Treaty of Rio de Janeiro, you may be interested to note, with reference to the remarks in Rio de Janeiro despatch No. 207 of 5th September about the Canadian Government's attitude, that the Commonwealth Relations Office do not consider that the Canadian Government would wish to adhere to the treaty, even if invited to do so by the Pan-American

Union. In fact the Canadian Government would probably prefer not to be invited. As to the possible juridical distinction between "American State" and "American Republic," it is doubtful if the Canadian Government would regard Canada as falling under either description.

2. I am sending copies of this despatch to His Majesty's representatives at Paris, The Hague, Copenhagen and all missions in Latin America, and to the United Kingdom High Commissioner at Ottawa.

I am, &c.

ERNEST BEVIN.

C.R.O. ref.: W 2220/21
F.O. ref.: W 4371/20/68

No. 9

CANADIAN GOVERNMENT'S HEALTH POLICY

Sir A. Clutterbuck to Mr. Noel-Baker (Received in Commonwealth Relations Office, 14th June)

(No. 128) Ottawa,
Sir, 9th June, 1948

I have the honour to transmit herewith the text of an important statement about the Canadian Government's health policy which the Prime Minister made in the House of Commons on 14th May.⁽¹⁾ The health programme announced on this occasion has already been summarised in my telegram No. 63, Saving, of 15th May, but some background comment may be useful.

2. Under the British North America Act health matters are the responsibility of the Provincial Governments. With the possible exception of Ontario and Quebec, however, the Provinces could not hope to develop comprehensive health schemes without assistance from the Federal Treasury. It was with the object of co-ordinating efforts in the sphere of public health work, and of providing an adequate financial basis for Provincial schemes, that the Federal Government put forward suggestions for a National Health Programme among its more general proposals for the clearer definition of Dominion-Provincial relations in 1945 (see Mr. MacDonald's despatch No. 404 of 27th August, 1945). At that time, however, the draft programme was linked with taxation proposals which were not acceptable to the Governments of Ontario and Quebec and which are still anathema to the present Premiers of those two Provinces. With the breakdown of the Conference in 1945, on account of the stand taken by Ontario and Quebec, the health plan was submerged and it was then generally believed that the Federal Government would not introduce any such scheme until all the Provinces had concluded financial agreements with them. The present position is that seven out of the nine Provinces have at last come to financial terms with the Federal Government on the lines of the original taxation proposals, but that Ontario and Quebec are still standing out. As will be seen from the Prime Minister's speech, the Government have now decided not to allow these two Provinces to continue to obstruct the conferment of Federal benefits on the

Provinces as a whole. In the words of the *Toronto Saturday Night*, the Prime Minister said in effect "that despite the obduracy of Messrs. Drew and Duplessis over tax agreements, the Dominion Government was going to offer substantial grants to expand health services, such grants falling alike on the just and unjust."

3. It will be seen that the proposals are substantially those put forward in 1945 but that there are two major differences. In the first place, there is now to be a grant for cancer treatment and research. Secondly, and more important, there is no provision for national health insurance. The original 1945 offer of health grants was conditional on the participation of the Provincial Governments in such an insurance scheme but it proved impossible to reach agreement on the necessary financial basis for it and the Prime Minister actually withdrew this condition when the Dominion-Provincial Conference met for the second time in 1945. As he has now explained, the intention is to leave this question for the present and to make progress with the Federal health grants, about which of course there is unlikely to be any argument on the part of the Provinces. He has, however, made it clear that a nationwide system of health insurance is the aim of the Federal Government and that these grants are regarded as "fundamental prerequisites."

4. The Speech from the Throne had not included any reference to the Government's health plans and the Prime Minister's announcement, therefore, caught the Opposition Leaders completely unawares. Having had no time to analyse the details of the scheme, they had no alternative but to give it their general blessing. They did, however, complain of the delay in introducing it and made some play with the Government's reasons for springing it on the House without any warning. There has also been wide suspicion of Mr. King's motives in bringing the health scheme forward at a time when three by-elections and four Provincial elections (in Ontario, Quebec, New Brunswick and Saskatchewan) were impending. Mr. Coldwell, for ex-

⁽¹⁾ Not printed.

ample, remarked that "it is fortunate that we live in a democracy where from time to time there are by-elections and Provincial elections. I have noticed that, for some uncanny reason, exceedingly interesting proposals are often made just about the time these events occur."

5. As regards Saskatchewan, in particular, the statement came at an awkward moment. The Co-Operative Commonwealth Federation have been holding up the Saskatchewan Health Service as an example of what other Provinces would gain by electing them to power. Now, not only is this attraction neutralised, but many Co-Operative Commonwealth Federation election pamphlets and speeches will have to be re-written. It is also very probable that, by what one commentator, with tongue in cheek, has described as his "long-suffering magnanimity" in offering the benefits of the scheme to Ontario and

Quebec despite their refusal to accept the Federal Government's financial terms, the Prime Minister hoped to steal some of the election thunder of Mr. Drew and Mr. Duplessis.

6. These considerations have, however, not detracted significantly from the wide and enthusiastic welcome which the Prime Minister's statement has received. The ordinary Canadian, on whom the cost of medical treatment at present bears heavily, is clearly very pleased with this step towards social security, one of the most important that has so far been taken in Canada.

7. I am sending a copy of this despatch to His Majesty's United Kingdom Ambassador at Washington and to the United Kingdom representatives in the other Commonwealth countries.

I have, &c.

P. A. CLUTTERBUCK.

C.R.O. ref.: G 2050/42
F.O. ref.: W 4978/20/68

No. 10

REPORT OF JOINT COMMITTEE OF BOTH CANADIAN HOUSES OF PARLIAMENT ON HUMAN RIGHTS

Sir A. Clutterbuck to Mr. Noel-Baker. (Received in Commonwealth Relations Office, 27th July)

(No. 171) Ottawa,
Sir, 19th July, 1948.

In my despatch No. 169 of the 12th June, 1947, I reported the setting up of a Joint Committee of both Canadian Houses of Parliament "to consider the question of human rights and fundamental freedoms and the manner in which those obligations accepted by all members of the United Nations may best be implemented." An account of the earlier part of the Committee's work was contained in Mr. Garner's letter to Mr. Shannon of the 25th October, 1947. I now have the honour to transmit a copy of the final report made by the Committee to Parliament on the 25th June of this year.⁽¹⁾

2. It will be seen that the Committee began by examining the draft International Declaration on Human Rights which had been received from the Secretary-General of the United Nations, and came to the conclusion that it should be shortened. They did not, however, themselves prepare a revised draft.

3. The Committee then considered whether to recommend the Dominion Government to enact a Bill of Rights for the whole of Canada as a Federal statute, but decided against this principally because enquiries had shown that the power of the Dominion Parliament to enact such a statute was disputed, and any attempt to clarify the position by a reference to the Supreme Court would "initiate a legal and constitutional controversy with the Provinces which might be far-reaching:" in any event, a Federal statute based on the findings of the Supreme Court would not effect a constitutional guarantee of rights since, whereas it would bind the Provinces so long as it remained in force, it would not bind the Dominion Parliament, which could amend or repeal it at any time.

4. The Committee touched only lightly on the question of dealing with the matter by amending the British North America Act, and explained that they had been precluded from going into this particular possibility more thoroughly owing to

⁽¹⁾ Not printed.

pressure of time. After hinting rather obscurely at the uncertain and in some instances undesirable consequences of taking this course, they left it to the Government to follow up the suggestion.

5. After these negative conclusions, the Committee recorded their view that the task of defining civil rights and liberties was immensely difficult and should not be undertaken until a firm public opinion had been formed as to their nature. It was quite evident that opinion in Canada had not reached this stage of development. In the meantime progress could be made through the effective handling of individual cases in which fundamental rights were alleged to have been infringed. In fact the only positive recommendation which the Committee made was that the Government should consider enlarging the jurisdiction of the Supreme Court so that appeals might lie on questions of law arising from individual cases in which there was at present no appeal.

6. The whole question of a Bill of Rights is a particularly delicate one for Canada in that it is so closely bound up with internal politics and Dominion-Provincial rivalries. The pressure for legislation comes partly from Ontario Conservatives, who would hope both to embarrass the Dominion Government politically and to curb their powers to "interfere" with industry, and partly from the C.C.F., who are anxious to assert the civil liberties of the individual. There is no enthusiasm for such a measure in Quebec, which fears that it might limit the ability of the Province to protect its ancient rights and customs against reformist attacks. The importance of the Quebec vote to the Dominion Government makes the attitude of Quebec especially significant. Constitutionally, most matters affecting human rights come within the competence of Provincial Legislatures, who would be loath to see a Federal statute enacted on the subject, especially since, as the Committee points out, it would not in

effect be binding upon the Dominion Government itself. On the other hand most Canadians would dislike the idea that their rights should be guaranteed by an amendment of the British North America Act, that is by an act of the United Kingdom Parliament.

7. The Federal administration, for their part, are reluctant on this matter, as on any other which concerns Provincial rights, to embark on an amendment of the British North America Act. They also feel that a far greater degree of genuine personal liberty exists in Canada than in many countries which are pressing for an international Declaration and a Covenant, that this liberty has not been attained, and will not be advanced, by legal formulæ or by grandiloquent declarations, whether international or domestic. They are likely to find wide support among the general public for the view of the Committee that—

"the meaning of human rights and fundamental freedoms is in general well understood. They exist, are enjoyed and must be preserved. . . . Respect for and observance of these rights and freedoms depends in the last analysis on the conviction, character and spirit of the people."

8. In the international field, the Canadian Government will be expressing their views at the current meeting of the Economic and Social Council. While they are unlikely to oppose steps designed to stimulate public opinion in less advanced countries, it will not be surprising if they are shy of pressing other states to adopt measures which for good reasons they are not prepared to adopt themselves.

9. I am sending copies of this despatch to His Majesty's U.K. Ambassador in Washington and to the United Kingdom Representative to the United Nations.

I have, &c.

P. A. CLUTTERBUCK.

C.R.O. ref.: N 2005/43

No. 11

F.O. ref.: W 5887/148/68

NEWFOUNDLAND AND CONFEDERATION WITH CANADA; OUTCOME OF REFERENDA

Sir. A. Clutterbuck to Mr. Attlee. (Received in Commonwealth Relations Office 6th September)

(No. 197)

Ottawa,

Sir,

25th August, 1948

In my despatch No. 285 of 7th November, 1947, I summarised the developments up to then of the question of the entry of Newfoundland into the Canadian Confederation. It may be useful to bring up to date that account, which concluded with the statement by the Canadian Government of the arrangements which they would be prepared to recommend to the Canadian Parliament as a basis for union. The position of the Canadian Government was defined as follows:

"Should the people of Newfoundland indicate clearly and beyond all possibility of misunderstanding their will that Newfoundland should become a province of Canada on the basis of the proposed arrangements, the Canadian Government, subject to the approval of Parliament, would for its part be prepared to take the necessary constitutional steps to make the union effective at the earliest practicable date."

2. The Delegation from the Newfoundland National Convention having returned to St. John's, the National Convention resumed their consideration of the recommendations which they should make to His Majesty's Government in the United Kingdom about the possible forms of future government to be laid before the people of Newfoundland in the referendum. On 22nd January the National Convention voted unanimously to recommend that the alternatives of continuance of government by Commission and the restoration of responsible government should be submitted to the voters in the referendum. On 28th January the National Convention rejected by 29 votes to 16 a resolution in favour of including confederation with Canada in the referendum.

3. This latter vote was widely reported in Canada, and, although it came as no surprise to official quarters, it was something of a shock and a disappointment to public opinion. Mr. St. Laurent, the

Canadian Secretary of State for External Affairs, at once put the vote in the proper perspective by a statement in the Canadian House of Commons on 29th January that the Canadian Government were taking no part in presenting the "terms" of confederation to the people of Newfoundland and did not wish to influence their decision; the Canadian offer was still before the people of Newfoundland and the National Convention was an advisory body whose decisions were not binding either on the people of Newfoundland or on the United Kingdom Government. The Canadian Government amplified this confidentially to the United Kingdom Government by saying that they regarded the questions to be submitted to the people of Newfoundland as entirely a matter for the United Kingdom Government to decide.

4. The month of February was occupied in consideration in London of the course to be followed by the United Kingdom Government in this embarrassing situation, and both the Governor of Newfoundland and I myself were called to London for consultation. Sir Gordon MacDonald returned *via* New York for personal discussions with the Secretary of State for Commonwealth Relations, who was detained there by the lengthy discussion of the Kashmir situation in the United Nations Security Council. In the result, the Secretary of State informed the Governor in a despatch of 2nd March, which was published on receipt in Newfoundland, that His Majesty's Government in the United Kingdom had come to the conclusion that it would not be right that the people of Newfoundland should be deprived of an opportunity of considering confederation with Canada at the referendum, and had therefore decided that confederation should be included as a third choice. The despatch further conveyed the decision that, as commission government had originally been established on a temporary basis, there must be some understanding, in the event of its continuance, as to the period in which the position would be again reviewed. The questions to be put before

the people at the National Referendum were accordingly to be:—

- (a) Commission of Government for a further period of five years;
- (b) Responsible Government as it existed in 1933 prior to the establishment of the Commission of Government.
- (c) Confederation with Canada.

Should no one form of government get an absolute majority at the first vote, a second referendum was to be held, omitting the form of government which secured the smallest number of votes at the first referendum.

5. On 11th March, the day after the despatch was published in Newfoundland, the Canadian Prime Minister restated in the House of Commons the position of the Canadian Government as follows:—

“The decision to include Confederation on the ballot having been taken by the United Kingdom Government, the outcome will be watched with deep interest by the people of Canada. The question as to their future form of government is of course for the people of Newfoundland alone to decide. Neither the Government nor the people of Canada would wish to influence in any way their decision. Should the people of Newfoundland express clearly their will that Newfoundland should enter the Confederation, I am sure that the people of Canada will welcome them as partners in a larger Canada. Should they decide otherwise, this decision, I am no less sure, will be received with understanding and respect by the people of Canada.”

6. The referendum was held on 3rd June. There were some 177,000 qualified voters, and some 154,000 votes were cast as follows in round figures:

Responsible Government ...	69,000 (45%)
Confederation ...	63,000 (41%)
Commission Government for a further 5 years ...	22,000 (14%)

It thus emerged that a second vote would have to be taken, as between Confederation and Responsible Government. Assuming that the supporters of each system maintained their votes, the balance would be turned by the votes of those who had supported continuance of Commission Government.

7. Canadian opinion took this result very calmly, disappointment that confederation

did not top the poll being tempered by relief at its good showing. The press was friendly and restrained, and did not castigate Newfoundlanders for not at once embracing confederation.

8. On 21st June Mr. St. Laurent made a further statement in the House of Commons to the effect that, if the second vote showed only a small majority for confederation, the Canadian Parliament might take the view that it was not such a decisive majority as would require or justify the carrying out of the Canadian offer: he hoped, however, that there would be a clear-cut decision, and that the vote would not be so close as to leave Canada in the position of having to take in a large group of recalcitrants, or having to renounce the completion of what the fathers of Confederation originally intended. This statement was no doubt intended to encourage those in Newfoundland who had voted on the first round for commission government: if they did not want the return of responsible government, it was up to them to secure a decisive majority for confederation.

9. The expectation among official quarters in Ottawa was that the result would be very close, but that a narrow majority for responsible government was more likely than a narrow majority for confederation, though it was regarded as encouraging that several businessmen in St. John's, which was the core of the opposition to confederation, had, in the week before the second referendum, come out openly in favour of confederation, as had two of the three Newfoundland members of the Commission of Government. There were nevertheless serious doubts in the mind of the Canadian Government whether to proceed with Confederation if the majority in favour of it should prove to be very small. The Federal Government have for some time been at odds with the Provinces, particularly the most important ones, Ontario and Quebec, and they were alarmed at the prospect of taking in a new province which might prove to be not only a thorn in their flesh, an irritant in itself, but would also keep irritation alive among other provinces. They remembered that Nova Scotia, although one of the original partners in Confederation, had subsequently elected an anti-confederate government which had petitioned London for permission to secede. Then there had been two previous occasions when Newfoundland had rejected proposals for Confederation. Certainly the Canadian Government had

reason to go carefully, and Mr. Mackenzie King himself is by nature nothing if not cautious. The caution felt by the Government found its way into the press, who summed up the situation in the words, "No shotgun wedding."

10. The second vote took place on 22nd July. Early reports on that and the following day indicated a majority for Confederation, and some statement by the Canadian Government was generally expected. A general election campaign was, however, in progress in the Province of Quebec, and any definitive announcement by the Federal Government either in favour of or against confederation might have resulted in the question becoming an election issue. The Federal Government were, therefore, resolved in any event not to announce their decision before the Quebec polling on 28th July, over and above their genuine desire to know just how large was the majority, before reaching their decision. On 23rd July, Mr. Mackenzie King issued a statement pointing out that, whilst initial reports indicated a substantial vote for Confederation, there had also been a substantial vote for responsible government. Until the final result was authoritatively known and had been considered by the Cabinet, he would refrain from further comment. On 28th July, he issued a further interim statement that it would seem from the results thus far reported that there would be a substantial majority in favour of confederation, but that a statement on behalf of the Government of Canada could not be made until official notification of the final result had been received, which might be a matter of a few days. This statement was clearly designed to prepare the public for a Government decision to proceed with confederation.

11. It had in fact become plain that there was a majority of at least 6,000 in favour of confederation. The results officially communicated by the Governor of Newfoundland to the Canadian Government on 29th July were as follows:—

Registered voters (approx.)	176,000
Votes cast (approx.)	150,000
For Confederation	77,869
For Responsible Government	71,464
Uncounted	500

The final and corrected figures communicated by the Governor on 5th August were:—

For Confederation	78,451
For Responsible Government	71,217

Thus 85 per cent. of the qualified voters cast their vote, and of those who voted, 52 per cent. were in favour of Confederation.

12. In the week between the Newfoundland vote and the Quebec election, the Canadian Government, in order to satisfy themselves that, if Canada agreed to proceed with confederation, its opponents in Newfoundland would not make undue difficulties, sent an official of the Department of External Affairs to St. John's to consult with the Newfoundland authorities and to make a first-hand report on the state of feeling in Newfoundland. On the strength of the voting returns and this official's report, the Cabinet decided, as soon as the Quebec election was out of the way, to proceed with Confederation. There was close confidential consultation between London, Ottawa and St. John's about the content and timing of the statements to be issued by the respective Governments. The only point of difficulty with the Canadian Government was the inclusion in their statement of a passage stating that the United Kingdom Government who were responsible for the administration of Newfoundland, were, in view of the result of the referendum, in agreement with the entry of Newfoundland into Confederation. The United Kingdom Government attached importance to their own position being made clear, but the Canadian authorities, who had previously been so anxious to leave to the United Kingdom Government the sole responsibility for deciding on the questions to be put to the vote, now, in the light of the vote, preferred to treat the question of confederation as one lying primarily between Newfoundland and Canada. They also wished to avoid any implication that the future of Newfoundland had been settled between Canada and the United Kingdom behind the backs of the Newfoundlanders. Ultimately the point was referred to Mr. Mackenzie King, who readily agreed to the inclusion of the passage desired by the United Kingdom Government. It had been planned that statements by all three Governments should be issued simultaneously for publication in the morning newspapers of all three capitals on 31st July. The statement of the United Kingdom Government, however, which was given to the news agencies in London on the evening of 30th July, with a request not to publish or broadcast it before the morning newspapers of 31st July, was telegraphed at once by a press agency, and reached Ottawa, where the time is five

hours behind London, in the afternoon of 30th July. It was broadcast at the same time from the United States. As the United Kingdom statement referred to an important decision of the Canadian Government, the latter were naturally incensed that news of their own decision should reach the people of Canada first in messages from England and the United States, and the Prime Minister had no option but to issue his own statement forthwith on the evening of 30th July. The text is enclosed.

13. So far as can be judged from the press, the result of the second vote and the Federal Government's decision have been welcomed throughout Canada, both as fulfilling the original intention of the founders of the Confederation, and on practical strategic grounds. The British North America Act, 1867, contains provision for the entry of Newfoundland into the Confederation, if both Newfoundland and Canada so desire, and, as was recognised in the past war, the defence of Newfoundland is an integral part of the defence of Canada. Some nervousness had developed in Canada at reports of a movement in Newfoundland for union with the United States, which already has several leased bases there. The future of the United States bases in Newfoundland has in fact occasioned some speculation in the press, and reports that the Canadian Government have informed the United States Government that the latter may continue to operate their bases after confederation. The Department of External Affairs have issued a denial that the subject has been discussed. There is no doubt that the Canadian Government themselves are pleased both that the second vote went the way that it did, and that the majority was clear enough to relieve them of an embarrassing choice between proceeding with confederation on what might be claimed to be insufficient justification, or spurning the will of the majority of Newfoundlanders. The Canadian Government were throughout most scrupulous to refrain from any statement or action that could be interpreted as an attempt to bring pressure to bear on Newfoundland, and more than once were at pains to repudiate any desire to do so. Accordingly the result is all the more gratifying to them.

14. The next step is for a delegation of authorised representatives of Newfound-

land to visit Ottawa to negotiate the final terms of union, and on 5th August the composition of a seven-man delegation for the purpose was published by the Governor. They are expected in Ottawa in September.

15. In the meantime, two members appointed to the Delegation, Mr. J. R. Smallwood and Mr. F. G. Bradley, who were prominent in the confederation movement, visited Ottawa at the beginning of August to attend the National Liberal Convention as observers. They received a rousing welcome. Since then, the Co-operative Commonwealth Federation have held their National Convention at Winnipeg, and among the resolutions passed was one in favour of extending the party organisation to Newfoundland.

16. After the final terms of union have been settled, legislative action on the part of both the Canadian Parliament and the United Kingdom Parliament will be necessary, and, as the Canadian Parliament is not expected to meet again until early in 1949, the date for confederation to take effect clearly cannot be earlier than the spring of 1949. The date most frequently mentioned by Canadian newspapers is 1st July, 1949, which is the anniversary date of the original Confederation in 1867. Confidential consultation between the Canadian and United Kingdom Governments has set the 1st April, 1949, as the provisional date at which to aim, and the Canadian Government have now let it be publicly known that, in their opinion, it will not be practicable to effect union before this date.

17. I am sending copies of this despatch to the Governor of Newfoundland, to the United Kingdom Representatives in other Commonwealth countries, and to His Majesty's United Kingdom Ambassador in Washington.

I have, &c.

P. A. CLUTTERBUCK.

Enclosure in No. 11

NEWFOUNDLAND

Statement Issued by Mr. W. L. Mackenzie King, Prime Minister of Canada, on 30th July, 1948

As Prime Minister of Canada, I sent to the Governor of Newfoundland on 29th October, 1947, a statement which made known to the people of Newfoundland the

terms believed by the Canadian Government to constitute a fair and equitable basis of union between Newfoundland and Canada should the people of Newfoundland desire to enter into Confederation. In my covering letter, forwarding that statement, I said:—

“Should the people of Newfoundland indicate clearly and beyond all possibility of misunderstanding their will that Newfoundland should become a Province of Canada on the basis of the proposed arrangements, the Canadian Government, subject to the approval of Parliament, would for its part be prepared to take the necessary constitutional steps to make the union effective at the earliest practicable date.”

On Thursday, 22nd July, the people of Newfoundland voted on the following alternative forms of Government for that country:—

- (a) Responsible Government as it existed in 1933 prior to the establishment of Commission of Government.
- (b) Confederation with Canada.

The result of this vote to date, as communicated officially to the Government of Canada by the Governor of Newfoundland, is as follows:—

Out of a total registered vote of about 176,000 the vote for Confederation is about 77,869, and for Responsible Government 71,464. The total majority to date is thus over 6,400. It is estimated that about 500 votes are still to be counted but this would not materially alter the result. It will also appear that close to 85 per cent. of the eligible voters exercised their right to vote.

It will be noted from the above that a definite majority of the very high percentage of the electorate of Newfoundland which voted, has expressed its wishes in favour of Confederation. It would seem, therefore, that the result of the plebiscite in favour of union between the two countries is “clear and beyond possibility of misunderstanding.” This result was attained without any trace of influence or pressure from Canada.

The Government welcomes, and I believe the people of Canada also welcome, the result of the plebiscite. We have ascer-

tained that, for its part, the United Kingdom Government which at present is responsible for the administration of Newfoundland under the United Kingdom Newfoundland Act, 1933, in view of the result of the referendum is in agreement with the entry of Newfoundland into Confederation. The union when effected will seal in constitutional terms a close and fraternal association that has existed, in war and in peace, between the two countries over many years.

The Canadian Government is now consulting with the governments of Newfoundland and the United Kingdom in the working out of appropriate constitutional procedure for implementing decision taken by the people of Newfoundland. The Government will also be glad to receive with the least possible delay authorised representatives of Newfoundland to negotiate terms of union on the basis of my letter of 29th October, 1947, to the Governor of Newfoundland and the document transmitted with it. In these negotiations any special problems which may arise in connection with the entry of Newfoundland into Confederation will, I am sure, receive most careful consideration. Before final action is taken, the Government will recommend the resulting agreement to the Parliament of Canada for approval. In this connection I would recall my statement made in the House of Commons, 23rd June, 1947, that “On the part of Canada, no final decision would of course be taken without the approval of Parliament.”

The union of Newfoundland and Canada, two North American democracies in the British Commonwealth of Nations, will add strength to both. Together, as partners, we can look forward to the future with more confidence than if we had remained separate political communities.

As Prime Minister of Canada it is a pleasure for me on behalf of Canada to welcome, warmly and sincerely, the decision of the people of Newfoundland. As a member of the Government of Canada, it has been a privilege to have had to do with seeking to bring to completion a constructive partnership, which was foreseen by those men of courage and vision in both countries who, many years ago, began the work of Confederation.

C.R.O. ref.: G 2050/46
F.O. ref.: W 6348/20/68

No. 12

CANADIAN LIBERAL PARTY: NATIONAL CONVENTION AND ELECTION OF MR. ST. LAURENT AS LEADER

*Sir A. Clutterbuck to Mr. Noel-Baker. (Received in Commonwealth Relations Office
13th September)*

(No. 210)

Ottawa,

Sir, 7th September, 1948.

On 7th August Mr. L. S. St. Laurent was elected by a National Convention of the Liberal Party as Leader of the Party, in succession to Mr. Mackenzie King, whose long-heralded resignation from the post was confirmed by himself in person when the Convention opened in Ottawa on 5th August. This change, 29 years to a day, from the date of Mr. Mackenzie King's election as leader, marks a climax in a summer of unparalleled political activity in Canada. Developments have followed so rapidly in the last few months that any survey that I could have attempted would have been out of date by the time it had been read. With the election of Mr. St. Laurent the pace has momentarily slackened.

2. The present Liberal Government was elected in June, 1945, with a narrow majority over the combined total of the Progressive Conservative Party, the Co-operative Commonwealth Federation (Labour) Party and the Social Credit Party. This majority has been whittled down by by-election losses and their nominal majority over other parties is now only 6 or 7. Their position is not as precarious as it might seem from these figures, because there are few issues on which the Opposition parties can combine. Nevertheless it is neither a comfortable nor a strong position for a Government. Mr. Mackenzie King, who has been Leader of the Liberal Party since 1919, will be 74 in December and is feeling his age. The Liberal Party has been in power since 1935 and has understandably lost some of its original enthusiasm. Although Parliament need not be dissolved until 1950, Canadian Parliaments seldom run their full five years and there is a general feeling among politicians and public alike that the country will be ripe for a general election in 1949 and that postponement beyond that date will operate against the Government. Clearly, therefore, the Liberal Party needed reinvigoration if it was to repeat

at the next general election the success which it secured in 1935, 1940 and 1945.

3. The summer opened with three Federal by-elections, two in British Columbia and one in Ontario. Of the previous members two had been Liberals and one had been Progressive Conservative, but C.C.F. candidates were returned in all three, making a significant addition to the eleven seats which the C.C.F. held in this Parliament outside their stronghold of Saskatchewan. There followed a series of Provincial general elections in Ontario, Saskatchewan, New Brunswick and Quebec. In Ontario the Conservative Government of Mr. Drew was returned, but with their numbers, in a House of 90, reduced from 66 to 53. This in itself was not surprising. But it had not been expected that the C.C.F. would increase their representation from 8 to 22, with the result that the C.C.F. displaced the Liberals, with 12 seats, as the largest Opposition Party. Mr. Drew, the Premier, himself lost his seat to a C.C.F. opponent. Yet, although the Liberals had come off badly, they could console themselves that they had actually polled more votes than the C.C.F. In June the C.C.F. Government in Saskatchewan was returned to power, but similarly with a decreased majority. Of their 17 lost seats, 13 were won by Liberals. In New Brunswick later in June the Liberal Party increased their hold by winning 47 out of 52 seats, as compared with 36 out of 48 in the last Parliament. The Progressive Conservatives won the balance of 5 seats, with the C.C.F. nowhere. The Liberals have for so long been predominant in the Maritime Provinces that their success in New Brunswick was poor compensation for their losses in Ontario, and they redoubled their efforts to make a good showing in the Quebec election at the end of July.

4. In Quebec the Union Nationale Government of Mr. Duplessis had become well entrenched since 1944 and the Provincial Liberals never had any solid hope of defeating them. Nevertheless they hoped to increase their representation, and, if they

could do so, the Federal Liberals would take fresh heart. Mr. St. Laurent, the Secretary of State for External Affairs, and other Federal Liberal Ministers intervened in the Provincial campaign, but their efforts were of no avail. The Liberals were routed, Mr. Godbout lost his seat, and the Union Nationale secured 82 out of 92 seats. The Liberals were reduced from 33 to 8 seats. It was in a very subdued mood, therefore, that Liberals assembled for the National Liberal Convention in Ottawa the following week.

5. The first candidate to declare himself for the Leadership was Mr. St. Laurent. It was in his favour that he is a French Canadian from Quebec City, who was called into the Cabinet by Mr. Mackenzie King as the best representative of French Canada when Senator Ernest Lapointe died in 1941. He has been regarded for at least two years as the prospective successor to Mr. King, and certainly as Mr. King's choice. He is, however, by profession a lawyer, and not a politician. Moreover, the defeat of the Quebec Provincial Liberals was ostensibly, though perhaps not in fact, a personal rebuff to him. At any rate, the result promptly brought a rival from Quebec into the field, in the person of Mr. C. G. Power, who was Minister of National Defence for Air during the war but left the Cabinet because he disagreed with conscription even for home defence. The other candidate who went to the post was Mr. J. G. Gardiner, Minister of Agriculture since 1935, a farmer from Saskatchewan who is also an experienced politician. Five other members of the Cabinet were nominated, but at once withdrew. These were Mr. P. Martin, Minister of National Health and Welfare, who would have had considerable support in Western Ontario, Mr. D. Abbott, the Minister of Finance, Mr. L. Chevrier, Minister of Transport, Mr. C. D. Howe, Minister of Trade and Commerce, and Mr. Brooke Claxton, Minister of Defence. A non-Cabinet nominee was Mr. Stuart Garson, the Liberal Premier of Manitoba, who not only withdrew his own name but also proposed Mr. St. Laurent. All those who withdrew are younger than Mr. St. Laurent, who is 66, and they can look forward to another chance when Mr. St. Laurent retires.

6. Canadians have been priding themselves that the proceedings were business-like and unsensational, and utterly unlike

the United States party conventions in Philadelphia—no free beer, razor-blades, powder-compacts or fashion shows. The only entertainments were a hotel dance for delegates and their wives, and a garden party at the Experimental Farm. The late Sir Wilfrid Laurier's statue on Parliament Hill was decked with red and white gladioli, Ottawa was full of Liberals and their wives wearing red-and-white favours, and a few banners of "Unity, Freedom, Security" were in evidence, but otherwise the Convention was scarcely noticeable. The Convention Hall was dominated by enormous photographs of Sir Wilfrid Laurier and Mr. Mackenzie King, and the prevailing atmosphere was one of staid decorum. Mr. Smallwood and Mr. Bradley attended as observers from Newfoundland. The proceedings opened with "God Save The King," "O Canada!" and the Lord's Prayer. Mr. King's reverence for anniversaries and records found full scope as he surveyed the successful years of his stewardship. But he urged that the next election required a younger man to lead the party, to rally the electors, and to overhaul the party organisation. On the third and final day each of the three candidates addressed the gathering for 20 minutes. Mr. Power and Mr. Gardiner each made fighting speeches, but Mr. Power admitted that his free-lance candidature was hopeless, and Mr. Gardiner, who expounded a personal programme for developing Canadian resources, did not carry conviction. Mr. St. Laurent claimed that the Liberal Party was the party of the people, and of *all* the people, and that the basic need of Canada was unity between French and English, which the Liberal Party had consistently upheld. The first ballot gave Mr. St. Laurent the decisive majority of 848 votes, 323 to Mr. Gardiner and 56 to Mr. Power.

7. Mr. St. Laurent owed his success to a combination of factors. The strongest was undoubtedly the fact that he is a French Canadian, a member of the community numbering 43 per cent. of the population of Canada and dominating Quebec which returns 65 of the 245 members of the House of Commons. There was a feeling in favour of the leadership alternating between an English Canadian and a French Canadian, and, even to put the matter at its lowest, a choice which will bring in Quebec and other French Canadian votes had practical advantages over one which would not. The balance of parties being what it is, the

Liberals could not afford to alienate any votes. While it would be too much to say that Liberals from French Canada would not accept another English Canadian leader, it is only natural that a French Canadian leader would be more acceptable. Although Mr. King scrupulously refrained from expressing any personal preference, his friends were in no doubt that he had long regarded Mr. St. Laurent as his successor.

8. Another potent factor in favour of Mr. St. Laurent was Mr. Bracken's recent resignation as Leader of the Progressive Conservative Party. Under Mr. Bracken, the Progressive Conservative Opposition have been uninspired and ineffective, both in Parliament and outside. His successor has not yet been chosen but may well be Mr. Drew, the energetic Premier of Ontario. Whether he would attract support in other Provinces is a question which the Progressive Conservatives have now to consider. But almost any leader would be more effective than Mr. Bracken, and the Liberals must reckon with stiffer opposition in the months to come. An even more formidable bogey, if it should materialise, would be the entry of Mr. Duplessis into Federal politics followed by an unholy alliance between him and Mr. Drew. This may be a remote contingency, since Mr. Duplessis has so far shown no disposition to enter the Federal arena and, if he did, would find little in common with Mr. Drew beyond a desire to put the Liberals out, and to maintain Provincial rights against the Federal Government. But Mr. Duplessis could not have won the Provincial election without Roman Catholic support. If he secured the same support in a Federal election and joined forces with Mr. Drew, the Liberal Government would be doomed. Mr. St. Laurent must have seemed to many the best insurance against this potential danger from the Right. To others, who think that the wind is blowing strongly from the Left, and would be willing to oppose a Liberal-Conservative coalition to the C.C.F., Mr. St. Laurent no doubt seemed a reasonable man who would not necessarily let party principles stand in the way of practical expedients. To all except the Prairie delegates, whose votes were pledged to Mr. Gardiner, Mr. St. Laurent, in spite of his age, represented beyond doubt the safest choice.

9. Consideration of the party programme, which actually figured higher on the agenda of the convention, was eclipsed

by the election of a new leader. The fact that the Liberals have fought six and won five general elections since 1919, without revising their programme, speaks for itself. Yet clearly the time had come to renovate it. A summary is enclosed of the resolutions which were approved in the course of two days' desultory discussion.

10. Perhaps the most important plank is "Canadian association with the United Kingdom, the United States and the free nations of Europe in a North Atlantic security agreement." This has been the theme of several recent forthright speeches by Mr. St. Laurent, and is a firm part of the Government's policy, but its inclusion in the party programme is remarkable, seeing how anxious all Canadian Governments have been to keep clear of international commitments.

11. In the domestic field, the thorny problem of the cost of living was sidestepped by referring to the Advisory Council of the Party a colourless draft resolution in favour of "selective price controls where necessary to hold down the cost of living." The proposal for a Royal Commission on freight rates is a concession to the Maritime and Western Provinces. The immigration plank was carefully trimmed to suit Quebec. Immigration is to be expanded, but is to be "selective" and to be "based on the population needs of the Provinces." The proposal that the Supreme Court should be the highest judicial authority for Canada means in effect the abolition of appeals to the Privy Council. This is a new departure, which keeps pace with modern constitutional thought, but the execution of this proposal would be so likely to cause trouble both with Quebec and with the Western Provinces, that its inclusion does not necessarily portend any early move. The point which attracted most attention was that concerning a Canadian flag. The original resolution favoured national unity, and as a symbol thereof a *distinctive* Canadian flag. A young Montreal delegate moved to amend this to "an exclusively Canadian flag, containing neither the Union Jack nor the *fleur-de-lis*." The resolution was referred back, and, as ultimately adopted, merely favours an *exclusively* Canadian flag. Such resolutions need not be taken too seriously, but they are worth recording as straws in the wind of current young Canadian thought.

12. Mr. Mackenzie King is planning to visit Europe in the next two months and

also to make a tour across Canada to thank Liberals for their past support. He has stated that he will not be Prime Minister when Parliament resumes in January but that, at Mr. St. Laurent's request he has agreed to delay his retirement from office, so that he can represent Canada at the London meeting of Commonwealth Prime Ministers and head the Canadian Delegation to the United Nations Assembly in Paris, and thus give Mr. St. Laurent more time to make the necessary preparations before assuming the duties of the head of a new administration. "It is my intention," continued Mr. King, "to seek retirement from office as soon after my return from London as may serve to meet my successor's convenience." It is understood that Mr. King will continue to divide his time between Sir Wilfrid Laurier's old house in Ottawa and his own estate at Kingsmere, some 20 miles out, and will work on his memoirs, which he is believed to have kept in great detail. He will undoubtedly find it hard to leave the Canadian political stage on which he has for 29 years played a leading part. His opponents are indeed sceptical whether he will do so. But it is difficult to see what rôle could be offered to him which would be suitable to his pre-eminent position without being embarrassing to his successor.

13. In the meantime speculation is rife as to Cabinet changes. Two important posts are vacant. Mr. L. B. Pearson, the present head of the Department of External Affairs, is widely mentioned as Mr. St. Laurent's successor as the Secretary of State for External Affairs. A new Minister of Justice is required in place of Mr. J. L. Hsley, who resigned at the end of June. It is not known whether Mr. Gardiner will remain as Minister of Agriculture. As a rival for the leadership, it may be embarrassing to keep him in the Cabinet, but even more so to exclude him. Mr. Garson, the Premier of Manitoba, is mentioned as a possible addition. Ultimately some of the older members may go to the Senate and make way for new blood. But extensive changes are likely to be deferred until the Ministry as a whole formally resigns with Mr. King.

14. A fortnight after the Liberal Convention in Ottawa, the C.C.F. held their Convention in Winnipeg and adopted their "first-term programme," on which I am reporting separately. The scene will shift next to the Progressive Conservative Convention in Ottawa later in September and

the election of a successor to Mr. Bracken. The stage will then be set for the expected General Election in 1949, and the subsequent months will be occupied with preparatory manoeuvres.

15. I am sending copies of this despatch to the United Kingdom representatives at Canberra, Wellington, Capetown and Dublin and to His Majesty's United Kingdom Ambassador at Washington.

I have, &c.

(For the High Commissioner),

G. E. BOYD SHANNON.

Enclosure in No. 12

Summary of Liberal Party Platform as adopted at Ottawa in August 1948

1. *Tribute to Mr. Mackenzie King*

2. *Declaration of Liberal Faith*

Liberalism has three key words: Unity, Security, Freedom.

Liberalism is diametrically opposed to communism.

3. *National Unity*, and, as a symbol thereof, an exclusively Canadian flag.

4. *Expansion of Trade*

(a) The reduction and removal of world trade barriers.

(b) Continued arrangements to facilitate trade between countries of the British Commonwealth.

(c) Further reciprocal trade agreements with the United States and other countries and the earliest possible removal of emergency restrictions and export embargoes.

(d) Encouragement of energetic steps by private industry to develop export markets, and support of exports by export credits and insurance.

(e) Industrial diversification.

(f) Expansion of the tourist trade.

5. *Agriculture and Fishing*

Greater stability and security for agriculture, so as to avoid the violent fluctuations of prices which have occurred in the past.

A reduction in the rate of interest on Government-sponsored farm credit, and freer availability of such credit.

Encouragement of co-operative enterprises.

6. *Soil Conservation*

7. *Development of Natural Resources*

8. *Immigration*

An extensive policy of "selective" immigration, particularly of displaced persons and relatives of Canadians, having regard to the capacity of the country to absorb immigrants, without injury to a well-balanced economy or making a fundamental alteration in the character of the population, based on a comprehensive nation-wide survey of the requirements of each province.

9. *Transport*

Maintenance of the Canadian National Railways and Trans-Canada Airlines as publicly-owned and publicly-controlled services.

A Royal Commission on transportation rates.

Completion of the Trans-Canada Highway.

Construction of the St. Lawrence Waterway.

Development of the Merchant Marine and its protection against foreign competition in Canadian waters.

Amendments to the Canadian Shipping Act, 1934, so as to create a distinctive registry of Canadian ships.

10. *Labour*

- (a) Promotion of joint labour and management committees.
- (b) Adequate representation of labour on Government boards and agencies.
- (c) Government promotion of collective bargaining and settlement of disputes. Maintenance of conditions favourable to fair wages, holidays with pay, fair employment practices, union security, improved working conditions and full employment.

11. *Social Security*

A national programme of social security in collaboration with the Federal and Provincial Governments. Objectives: useful employment for all who are willing to work; standards of nutrition and housing adequate to ensure the health of the whole population; social insurance against privation resulting from unemployment, disability, ill health and old age. The programme to include a steady expansion of insurance on a contributory basis to protect all citizens from a temporary loss of income and to provide for their old age;

health insurance on a contributory basis; more equal care and opportunity for all children through family allowances; pensions for the blind.

12. *Housing*

The great need is to provide suitable homes for a vast number of people of small income. The Liberal Party stands for an adequate programme of low-cost housing, subsidised, if necessary, by the Federal Government.

13. *Veterans*

Adequate provision for the disabled and aged and the dependants of servicemen killed in the war.

14. *Taxation*

The utmost economy in Government-controlled expenditures.

In reducing taxes first consideration should be given to easing the burden on the lowest income groups and to those taxes which interfere with freedom of trade, increase the cost of living, restrict or otherwise discourage the expansion of employment.

15. *External Co-operation*

International co-operation under a system of collective security.

Continued support of the United Nations.

The relations of Canada with the nations of the British Commonwealth are closer and more cordial than they have ever been, and over the years Canada's relations with the United States have been especially friendly. It will ever be a prime object of Liberal policy to work for the maintenance of the fraternal associations of the British and American peoples.

Association of Canada with the United Kingdom, the United States and the free countries of Europe in a North Atlantic security arrangement under the Charter of the United Nations.

16. *Defence*

An adequate defence programme,

- (a) to provide forces to defend Canada against attack,
- (b) to provide an organisation capable of quick expansion,
- (c) to work out with other free nations plans for joint defence.

17. *Constitutional*

The Supreme Court of Canada should be the highest judicial authority for Canada.

The Elections Act should be reviewed.

also to make a tour across Canada to thank Liberals for their past support. He has stated that he will not be Prime Minister when Parliament resumes in January but that, at Mr. St. Laurent's request he has agreed to delay his retirement from office, so that he can represent Canada at the London meeting of Commonwealth Prime Ministers and head the Canadian Delegation to the United Nations Assembly in Paris, and thus give Mr. St. Laurent more time to make the necessary preparations before assuming the duties of the head of a new administration. "It is my intention," continued Mr. King, "to seek retirement from office as soon after my return from London as may serve to meet my successor's convenience." It is understood that Mr. King will continue to divide his time between Sir Wilfrid Laurier's old house in Ottawa and his own estate at Kingsmere, some 20 miles out, and will work on his memoirs, which he is believed to have kept in great detail. He will undoubtedly find it hard to leave the Canadian political stage on which he has for 29 years played a leading part. His opponents are indeed sceptical whether he will do so. But it is difficult to see what rôle could be offered to him which would be suitable to his pre-eminent position without being embarrassing to his successor.

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(c) Government promotion of collective bargaining and settlement of disputes. Maintenance of conditions favourable to fair wages, holidays with pay, fair employment practices, union security, improved working conditions and full employment.

11. *Social Security*

A national programme of social security in collaboration with the Federal and Provincial Governments. Objectives: useful employment for all who are willing to work; standards of nutrition and housing adequate to ensure the health of the whole population; social insurance against privation resulting from unemployment, disability, ill health and old age. The programme to include a steady expansion of insurance on a contributory basis to protect all citizens from a temporary loss of income and to provide for their old age;

health insurance on a contributory basis; more equal care and opportunity for all children through family allowances; pensions for the blind.

12. *Housing*

The great need is to provide suitable homes for a vast number of people of small income. The Liberal Party stands for an adequate programme of low-cost housing, subsidised, if necessary, by the Federal Government.

13. *Veterans*

Adequate provision for the disabled and aged and the dependants of servicemen killed in the war.

14. *Taxation*

The utmost economy in Government-controlled expenditures.

In reducing taxes first consideration should be given to easing the burden on the lowest income groups and to those taxes which interfere with freedom of trade, increase the cost of living, restrict or otherwise discourage the expansion of employment.

15. *External Co-operation*

International co-operation under a system of collective security.

Continued support of the United Nations.

The relations of Canada with the nations of the British Commonwealth are closer and more cordial than they have ever been, and over the years Canada's relations with the United States have been especially friendly. It will ever be a prime object of Liberal policy to work for the maintenance of the fraternal associations of the British and American peoples.

Association of Canada with the United Kingdom, the United States and the free countries of Europe in a North Atlantic security arrangement under the Charter of the United Nations.

16. *Defence*

An adequate defence programme,

(a) to provide forces to defend Canada against attack,

(b) to provide an organisation capable of quick expansion,

(c) to work out with other free nations plans for joint defence.

17. *Constitutional*

The Supreme Court of Canada should be the highest judicial authority for Canada.

The Elections Act should be reviewed.

Penal Reform, with a view to rehabilitation and reclamation, rather than punishment alone.

18. *Dominion-Provincial Relations*

Reiteration of support for the 1945-6 Dominion-Provincial fiscal proposals.

19. *The Maritime Provinces*

A programme to strengthen the economy of the Maritimes, by decentralisation of industry, cheap electric power, improvement of air communications, greater use of ports.

C.R.O. ref.: G 2050/49
F.O. ref.: W 6527/20/68

No. 13

CANADIAN FOREIGN POLICY

Note by Commonwealth Relations Office

Two important speeches reviewing Canadian foreign policy were made during September. The first was by Mr. St. Laurent on 7th September, a few days before he relinquished the portfolio of External Affairs; the second was made on the 21st September, by Mr. L. B. Pearson, and was his first public speech as Secretary of State for External Affairs. The main points in these two speeches are reviewed in the two despatches from the United Kingdom High Commissioner in Ottawa, at Annex I and II below.

Annex I to No. 13

Sir A. Clutterbuck to Mr. Noel-Baker.
(Received in Commonwealth Relations Office 23rd September)

(No. 217)

Ottawa,

Sir,

17th September, 1948.

I have the honour to transmit a copy⁽¹⁾ of an important speech made by Mr. St. Laurent at Toronto on 7th September. As he has just been elected leader of the Liberal Party, is now Acting Prime Minister and will succeed Mr. Mackenzie King as Prime Minister within the next few months, it is worth inviting attention to his principal points.

2. Foreign affairs do not bulk as large to Canadians as to the inhabitants of Europe, and Mr. St. Laurent was at pains to point out that Canada is directly affected by what goes on outside Canada, and that it is in her own interests to play her part as a member of the international community. He explained that one-third of total Canadian production has to be sold in overseas markets, and that Canada is the third trading nation in the world: when, there-

fore, Canada helps in European recovery, it is not mere altruism, but common prudence. At the same time, Canada should not be expected to give more help than her economic and financial strength allows. Mr. St. Laurent concluded the economic section of his speech with the following passage:—

“It should not be forgotten that our assistance to Europe is for the purpose of restoring the pre-war multilateral pattern of trade. It would be of little value to Canada—and indeed in the long run to Europe itself—if, at the end of the period of North American help, European trade was frozen into patterns and policies which left us in a position where, in self-defence, we were forced to recast our own pattern of trade and make our own bilateral bargains with other states individually. That is not the kind of brave post-Marshall-plan world that we hope to see. There would be grave disappointment here if that were the only result of the efforts now being made. We wish to help put Europe back on its multilateral feet, not on bilateral feet; we want to get away from the ill-omened trading deals and practices of pre-war days; aspirins and mouth-organs for food and raw materials; wheat grown at any cost; self-sufficiency at any price.”

3. It is well known to you, Sir, and to all in London concerned with United Kingdom-Canadian relations, what great strains are at present being felt in Canada as a result of the reduction in her United States dollar income arising from the inconvertibility of sterling. Under the traditional pattern of trade on which Canadian economy is based, Canada could look with

⁽¹⁾ Not printed.

confidence to her adverse trade balance with the United States being offset by her favourable balance with the United Kingdom and the Continent and other Commonwealth countries. Since the war this triangular trade pattern has become increasingly threatened. With no early prospect of sterling becoming freely convertible again, with her dollar reserves barely above the minimum level, and with only a moderate export surplus, Canada now finds herself as dependent as the United Kingdom on United States assistance through E.R.P. Meanwhile the question is being increasingly asked whether her traditional pattern of trade can be genuinely restored and maintained. The Canadian Government have been gravely perturbed by the economies in imports from Canada which circumstances have obliged the United Kingdom Government to make, by the deliberate transfer of purchases to soft-currency countries, and by the creation and development of new long-term sources of supply in sterling area countries. These policies, they feel, are setting up trends which can only force Canada to reorient her economy so as to become less dependent on overseas markets. This would mean in effect a policy of closer economic links with the United States, with a consequent impetus to closer political links. It is indeed only the impossibility of the United States Administration embarking on trade negotiations until after the Presidential election which has delayed the initiation of discussions between Canada and the United States looking towards a new trade agreement. The conversations which are to take place with the Chancellor of the Exchequer on his visit to Ottawa this month are thus likely to assume crucial importance.

4. Mr. St. Laurent went on to deal with the political aspect of Canada's position in the world. In the first place, he said, Canada and the other democracies must try to find some basis for co-existing with totalitarian governments, if only on that of mutual toleration, and their best course was by precept and example to broaden the area of democratic freedom, standing firmly together against every Communist aggressive action or demand. While emphasising the Canadian Government's attachment to the ideal of the United Nations as an organ of international co-operation, he repeated that it would be better to have no United Nations at all than one permanently reduced to futility by the action of some of its members. If

co-operation to preserve peace was impossible on a universal basis, the democracies should organise their forces on a regional basis to ensure collective defeat of aggression direct or indirect from whatever quarter. Such collective action, he said, even if at the beginning only on a regional basis, was urgently necessary, and the threat was too urgent to wait until all freedom-loving nations could reach agreement. That was why the Canadian Government had been urging the immediate establishment of a North Atlantic security system comprising the United Kingdom, the United States, Canada and the free countries of Western Europe. Such a system should create and maintain the necessary preponderance of defensive force over any possible combination.

5. While there was nothing new in this part of the speech, it is significant that Mr. St. Laurent should have taken the occasion to reiterate how urgently the Canadian Government view the threat of Communism. It is only natural that the Canadian Government should seek to prepare the Canadian public for Canadian participation in overseas commitments such as Canada has never previously assumed, but he also no doubt wished to make plain to other countries that, although in Ottawa there is no Congressional Committee on un-Canadian activities and less hysteria about Communism than in the United States press, the Communist menace is taken no less seriously in Canada, and, moreover, that if there is delay in negotiating a North Atlantic pact, it is not the fault of Canada.

I have, &c.

P. A. CLUTTERBUCK.

Annex II to No. 13

*Sir A. Clutterbuck to Mr. Noel-Baker.
(Received in Commonwealth Relations
Office 8th October)*

(Extract)

(No. 223)

Sir,

Ottawa, 1st October, 1948.

With reference to my despatch No. 217 of 17th September, I have the honour to report that Mr. L. B. Pearson, the former (Permanent) Under-Secretary of State for External Affairs, who was appointed to be Secretary of State for External Affairs on 10th September in succession to Mr. L. S. St. Laurent, made his first public speech as a Minister on 21st September, and, since

it was of some importance, I enclose a copy herewith.⁽¹⁾

* * * * *

3. Mr. Pearson dealt with Canadian foreign policy, with particular reference to the proposed North Atlantic Security Pact and Canada's part therein. As Mr. St. Laurent had done previously, he made the point that Canada cannot isolate herself from international affairs, because "decisions taken in far away places have a vital importance for the village square." He then stated his belief that Canada's external affairs should, to the greatest possible extent, though always subject to the legitimate requirements of responsible government, be kept on a non-partisan basis. Canadian foreign policy is so largely dictated by her geographical position and the need for keeping in step with both the United Kingdom and the United States, that little scope is left for altering the policy, whatever government may be in power. Yet Mr. Pearson's open advocacy of putting foreign policy outside party politics is interesting, especially when some quarters are prophesying the end of the Liberal administration, which has been continuously in power for thirteen years.

4. In dealing with the proposal for a North Atlantic regional collective security pact, Mr. Pearson stated that the Canadian Government is not only willing but anxious to join the other North Atlantic democracies in establishing such a pact. He went on to recall that the Canadian Government had been participating for over two months in informal and exploratory discussions in Washington with representatives of the United States, the United Kingdom, France and the Benelux countries and also, since the end of July, like the United States, had been represented by an observer at the London discussions of the Military Committee of the Brussels Powers. He then outlined Canadian views of the way in which a North Atlantic security system would operate. There should, for instance, be agreement upon "a fair allocation of duties among the participating countries under which each will undertake to do that share of the joint defence and production job that it can do most efficiently."

"Such a sharing of risks, resources and obligations must, however, be accompanied by . . . a share in the control of policy . . . Some sort of

constitutional machinery must be established under which each participating country would have a fair share in determining the policies of all which affect all" "This does not necessarily mean that every member of a regional security pact need be represented on all levels in all organs of the regional organisation . . . but it does mean that every organ of the regional security organisation will derive its powers from a constitutional grant of those powers to it by all of the members of the organisation."

Mr. Pearson further recalled that the big strategic and political decisions of the last war were made by the United Kingdom, the United States and the Soviet Union, and that, among the Western Powers, it was the United Kingdom and the United States, and not the totality of the Western belligerents, which appointed the Supreme Commanders-in-Chief. After suggesting that even in the war the strength of the alliance against Germany and Japan would have been greater, if the smaller allies had had a fair share in the determination of policy and if the organs of the alliance had been created by and owed their authority to the allies as a whole, Mr. Pearson said—

"I feel sure that it would not be possible, in any effective peace-time organisation of collective security, to accept the procedures which were adopted in the war-time organisation of the grand alliance."

He admitted that, on occasion, the requirements for consultation must be subordinated to the interests of a grave emergency, but "those occasions must be reduced to a minimum before there can be any genuine collective action," and he expressed the hope that in the North Atlantic regional system "decisions which affect all will be taken by all."

5. The periodical outbursts of resentment on the part of the Canadian Government at their exclusion from formal participation in the higher direction of the war and their constant insistence on being consulted over any decisions which might commit Canadian troops or resources will still be remembered by those in London who were concerned at the time. Since the end of hostilities there has been less occasion for the Canadian Government to revert to

(1) Not printed.

the point, though they have explained more than once that their motive for withdrawing the Canadian division from the occupation of Germany was that they could not consent to the employment of Canadian forces in pursuance of a policy, in the making and execution of which the Canadian Government had no say. Mr. Pearson's speech shows that they have no whit modified their attitude and is a warning that, in the planning of new

security arrangements, no scheme which does not give practical recognition to the sovereign status of each of the participants would be acceptable to Ottawa.

* * * * *

I have, &c.

G. E. BOYD SHANNON,
(For the High Commissioner).

C.R.O. ref.: G 2050/26

No. 14

F.O. ref.: W 12/1/68

CANADA: MR. MACKENZIE KING AND MR. ST. LAURENT

Sir A. Clutterbuck to Mr. Noel-Baker. (Received in Commonwealth Relations Office, 10th December)

(No. 286)

Sir, Ottawa, 6th December, 1948.

With reference to my telegram No. 155, Saving, of 19th November, I have the honour to report that, on 15th November, Mr. Mackenzie King resigned as Prime Minister of Canada and Mr. St. Laurent formed a new Government. As expected, Mr. St. Laurent's Cabinet was the same as Mr. King's with the addition of two Ministers, Mr. Stuart Garson, K.C., the former Premier of Manitoba, as Minister of Justice, the post vacated by Mr. St. Laurent, and Mr. Robert Winters, a Member of Parliament for a Nova Scotia constituency, as Minister of Reconstruction and Supply.

2. Of the new appointments, that of Mr. Garson is the more important. Mr. Garson, who is 50 years of age and a lawyer of some note, has made a reputation for himself as Premier of Manitoba and was mentioned before the recent Liberal Convention as a possible candidate for the leadership of the Federal Liberal Party. In the event he did not put his name forward, but it has for long been forecast that he would ultimately join the Federal Cabinet and that he was a possible future Prime Minister. He now joins the younger school of Cabinet Ministers—Mr. Brooke Claxton, Mr. Abbott, Mr. Martin and Mr. Pearson—from among whom Mr. St. Laurent's successor is most likely to be drawn.

3. Without disparaging Mr. Winters's ability, it is not too much to say that the chief reason for his inclusion in the Cabinet

was the necessity of giving representation in the Cabinet to Nova Scotia, which has lacked it since Mr. Ilsley resigned in June. One of the conventions of Canadian Federal politics is that every Province should have a representative in the Federal Cabinet. The solution of appointing Ministers without portfolio is not available since, though the Government is represented in the Senate by a Minister without Portfolio, the general rule is "no portfolio, no salary." The moribund Ministry of Reconstruction and Supply, which has no supply functions, was due to be wound up next year and was under the supervision of the Minister of Trade and Commerce, in addition to his normal duties, was accordingly resuscitated. On the existing basis it could hardly have been represented as suddenly providing enough work for a separate Minister, so, in addition to its remaining vestigial functions, the new Minister will be responsible for Federal housing policy, for the Canadian Government Travel Bureau, and, in succession to the Minister of National Revenue, for the National Film Board, which is henceforward to be deliberately employed—at least in part—to assist the tourist trade.

4. In his first public statement as Prime Minister, Mr. St. Laurent expressed the view that historians of the future would come to regard the last two decades as "the Mackenzie King Era." Indeed, under Mr. King, Canadian political life has been dominated by the Liberal Party for nearly thirty years. Leader of the Party since 1919, when he succeeded Sir Wilfrid

Laurier, he has been Prime Minister since 1921, with breaks of three months in 1926 and five years from 1930 to 1935. He thus has a record of twenty-one years, five months and five days as Prime Minister, surpassing even that of Walpole. The *Conservative Gazette* of Montreal, in an analysis of this long tenure, says that: "Mr. King's highest talent consisted, above all else, in the manner in which he could submerge himself in the political currents, in the way in which he could make an apparent colourlessness a vast political asset, and in the perception and patience with which he sampled the varieties of political tendency and adjusted the resulting compromise." The article ends, however, with the shrewd comment that "the amazing adroitness of the King Era is a personal capacity. It cannot be a political legacy."

5. The secret of his success is indeed difficult to define. His guiding aim was to maintain unity among Canadians, barely six million of whom are of British origin, compared with three and a half million French Canadians and two million of miscellaneous European origin. It is easy to criticise Mr. King for "colourlessness," but it is understandable that a policy of quiet progress and "no commitments" stood a higher chance of acceptance by the heterogeneous population of Canada, when a bold and forward policy might have accentuated existing divisions or created new ones. Where a positive attitude was inescapable, he attempted to concentrate the attention of Canadians on the aims that divide them least. Always a strong party man, he recognised from the first that no party could hope to govern Canada successfully without the goodwill of Quebec, and his remarkable skill in cultivating and retaining that goodwill throughout all the vicissitudes of peace and war alike—all the more remarkable in that he spoke no French—enabled him to achieve results that would otherwise have been beyond his reach. No more striking vindication of his policy could have been given than when he brought a united Canada into the war, and later enabled it to play a part which few would have thought was within the country's capacity. Yet he has himself claimed more credit for preventing things than for achieving them, and has thereby lent substance to the unkind criticism that under his régime "the negative was raised to the level of positive achievement." The answer lies in the stature that Canada has achieved under his leadership. *Si monumentum requiris circumspice.*

6. It must be admitted that Mr. King was never popular, either at home or abroad. A bachelor, and a recluse, he disliked mixing with the crowd, though in private life he was the most genial and entertaining of hosts. His speeches, like the man himself, lacked fire and animation, and caution was ever their keynote. He was pre-eminently a "safe" man, who would never let Canada down, and it was this which won him the confidence of the country. As time went on his political astuteness became legendary and it was thought that all perplexing issues were safe in his hands.

7. At the same time Mr. King was anything but a weak man. He had a streak of hardness, indeed ruthlessness, in his character, which the observer could not fail to detect. He was unquestionably the master, alike of the Cabinet as of the House of Commons. He kept himself aloof even from his closest advisers and had no favourites and no intimate friends. With his colleagues in the Cabinet and the party his relations have been characterised by mutual respect rather than affection, and those who have fallen out with him have invariably had the worst of the argument. Nevertheless Mr. King was not merely an astute politician, nor could any man with purely negative attributes have attained to the highest political office in Canada at the age of forty-seven, and have held it for a generation. He was a great interpreter and a great conciliator, and history is likely to record that his quiet and persevering statesmanship was exactly suited to his time and generation to the great good fortune both of Canada and the British Commonwealth.

8. Mr. St. Laurent is the son of a Quebec country-store merchant. He studied law and became a partner in a lucrative law practice in Quebec City. Until 1941 he had no experience of politics. In 1941 he was persuaded by Mr. King to enter the Cabinet as Minister of Justice in place of Mr. Ernest Lapointe, who was then the only French-Canadian member of the Government. When he later became Secretary of State for External Affairs, it was known that he wished as soon as possible to give up his wartime office and to return to private practice, but that he was persuaded to carry on by a sense of public duty. Latterly it had become increasingly certain that the mantle of Mr. King would descend on his shoulders, at least for a period. Notably endowed with the courage of his own convictions, Mr. St. Laurent expresses

his views in a bold, forthright manner, without reservation and without too much regard for his own political popularity. It is recalled, for example, that, even in his early days as Secretary of State for External Affairs, he refused to commit himself before a French-Canadian audience to a pledge that he would never acquiesce in conscription. Since then he has become famous for his outspoken utterances on Canada's international objectives and his denunciations of Communism.

9. Whilst giving Mr. St. Laurent due credit, it should be borne in mind that international circumstances are very different now from what they were during the last ten years of Mr. King's administration. Communism, which has become the universal bogey, is perhaps more bitterly abominated in Quebec than anywhere else in the world, and, for the first time in history, a Canadian Prime Minister could be reasonably confident of support from French-speaking Canadians in waging a war against it. Mr. St. Laurent is therefore much freer than was ever Mr. King in matters of foreign policy, and under him, especially with Mr. Pearson as Secretary of State for External Affairs, Canadian policy is likely to be more dynamic, and in every way more flexible and positive, without any diminution of co-operation with the United Kingdom.

10. Apart from this, however, the difficult domestic problems which beset Mr. King still remain, conditioned as

always by the necessity of holding the balance in this large and developing country, internally between the Provinces themselves and between the Provinces and the Federal Government, and also between the sometimes conflicting pulls of the United States and the United Kingdom. It took all Mr. King's acumen, over nearly three decades, to reconcile the divergent forces and pressures which have threatened at times to impair Canadian unity, and even now, in spite of his success, Dominion-Provincial relations are in a far from satisfactory state. Mr. St. Laurent thus acquires no easy legacy. His strength lies in his sincerity, directness of purpose and essential gentleness—and of course in his fluent bi-lingualism. His quick perception sometimes makes him impetuous and he has little patience with the niceties of party politics. This may give rise to difficulties which Mr. King would have avoided, but Canadians are now ripe for more forceful leadership and his candid and direct approach to the problems of the day, combined with his courage and pleasing personality, may well capture the public imagination, even in those parts of Canada least tolerant of Quebec.

11. I am sending copies of this despatch to His Majesty's United Kingdom Ambassador in Washington and to the United Kingdom representatives in other Commonwealth posts.

I have, &c.

P. A. CLUTTERBUCK.

CHAPTER III.—EIRE

C.R.O. ref.: X 2647

No. 15

F.O. ref.: W 180/36/68

GENERAL ELECTION IN EIRE, 1948

*Note prepared in the Office of the United Kingdom Representative to Eire.**(Received in Commonwealth Relations Office, 9th January)*

The general election will be held on 4th February. This somewhat dramatic decision was made by Mr. de Valera as a result of the by-elections held on 29th October at which the newly-formed extremist party, Clann na Poblachta (Republican Party), achieved surprising victories in two cases out of three against Mr. de Valera's Fianna Fail candidates.

Mr. de Valera took a high line over these manifestations of defection. He is an astute tactician and no doubt has reason for thinking that something more responsible than a by-election spirit will possess the country when brought up against the prospect of a plunge into the unknown in such difficult times. The party machine has been overhauled and the Fianna Fail campaign has been given opportune help by certain sops to the electorate. It is reasonable to expect that Mr. de Valera's confidence will be justified and that his party will be returned to power with little, if any, loss. On the whole they have done well during exceptionally difficult years, and to-day Eire is probably better off than any country in Europe. The Opposition is in splinters. No rival party is equipped with the prestige, programme or personalities necessary for forming a Government.

Nevertheless, there are certain imponderable factors, the weight of which it is impossible to assess. Chief among these is the swing of the pendulum. People are perhaps a little weary of Mr. de Valera's bleak headmastership. The same crowd have been in office too long. In a small country like this where Cabinet Ministers are always rubbing shoulders with their neighbours, political glamour is short-lived. Jealousy is soon at work. Mr. de Valera has maintained his mystique unimpaired through long years by living in a monastic seclusion. Its appeal is now to be tested in a changing world, and once again Mr. de Valera demands a vote of confidence.

2. The present Government, composed of the Fianna Fail party, has been in power for the last fifteen years, succeeding that of Fine Gael, Mr. Cosgrave's party. In six

elections held during the present régime, a steady Government majority has been maintained whilst the power of Fine Gael has been nearly halved:—

		<i>Fianna Fail</i>	<i>Fine Gael</i>
1932	...	72	57
1933	...	77	48
1937	...	69	48
1938	...	77	45
1943	...	67	32
1944	...	76	30

The election will be on the basis of proportional representation. The number of seats has recently been increased from 138 to 147.

3. The seats held by the various parties in the present Dail and their leaders are:—

Fianna Fail (76), Mr. de Valera.
 Fine Gael (27), General Mulcahy.
 Clann na Talmhan (11), James Blowick.
 Labour (8), William Norton.
 National Labour (4), James Everett.
 Independents (9).
 Clann na Poblachta (2), Sean MacBride.
 Monetary Reform (1), Oliver Flanagan.

4. The following are notes on each of these political parties:—

Fianna Fail.—The Government party has an absolute majority in the Dail and the most efficient party machine in Eire. Its emotional appeal to the people is based mainly on the association of its leaders with the Easter Week Rising of 1916 and the Troubles of 1920–22. At that early period its programme and policy were equally republican, nationalistic and revolutionary, and the party took office in 1932, determined to abolish the British connection, to establish local industries, and so to reduce emigration, to abolish Partition, to revive the Irish language, and to de-anglicise the atmosphere and the landscape. These aims the party still announces, but somehow the hard facts of day-to-day political and economic life make their final achievement subject to continual delay. Strikes, shortages and soaring prices, part of the inevitable post-War heritage, have caused criticism of the Government. Two recent "scandals," both implicating members of

the Government, have been exploited to shake public confidence. But nothing of this touches Mr. de Valera personally. He stands on a pedestal.

Fine Gael, the leading Opposition party, stresses the value of the Commonwealth connection, especially on economic grounds. It considers that "compulsory Gaelic" has been overdone, and that the ending of Partition should be achieved gradually without histrionics. "Ireland," it maintains, should be reunited within the British Commonwealth. *Fine Gael's* great days were in the nineteen twenties. General Richard Mulcahy succeeded Mr. Cosgrave as leader of the *Fine Gael* in 1944, but has not achieved the political prominence of his predecessor. The party has lacked glamour and has been steadily losing ground. It now faces its last chance. Its leaders profess renewed confidence and a revival of their fortunes would certainly be a healthy sign in Irish politics.

Clann na Talmhan (Farmer's Party).—As its name implies, this newish party claims particularly to represent rural Eire, but it contains no men of mark. It seems to concentrate on opposition to *Fianna Fail* rather than on any positive policy. It is said to be divided on the question of the British connection, one element being openly republican, the other timidly pro-Commonwealth. Its leader is James Blowick.

Labour and National Labour.—In January 1944, a drive was begun to make all Eire Trade Unions separate from those in Great Britain and become national. Some of the Unions felt this would be a great mistake. Hence the split in the Labour Party. William Norton, leader of the Labour Party, still maintains contact with British Unions. James Everett, leader of the National Labour Party, wishes to cut off all connection with Britain. The division in the labour front has greatly weakened its effectiveness. After the 1943 election when the *Fianna Fail* party was returned without an absolute majority in the Dail, Mr. de Valera governed with the aid of the National Labour Party members. This situation might recur.

Clann na Poblachta (the Republican Party) was refounded by Mr. Sean MacBride in July 1946. Its policy, still for the greater part vaguely defined, appears to advocate the inclusion of members of the Six Counties in the Dail, disinterested public service by members of the Dail, a

vaguely more anti-British and extreme form of nationalism and the severance of the link with sterling. (The party's success in the two recent by-elections is the cause of the present general election.) Mr. MacBride's skill as a leader has already transcended his flimsy political organisation. His personality and charm are matters of everyday comment. His chief potentiality perhaps lies in his evasiveness; he refuses to allow himself to be tied down to any definite statements which might commit or compromise him. He has an Executive Committee comprising a considerable number of extremists, including at least one man previously associated with communism, and a considerable following amongst people of the younger generation. His father, Major John MacBride, was executed by the British after the 1916 Rising, and his mother is the well-known anti-British Mrs. Maude Gonne MacBride. Success in the recent by-elections has suddenly brought this party and their leader into the limelight. To-day it looks like a "flash in the pan." But MacBride is not an irresponsible extremist and his day may dawn.

Ailtiri na hAiseirghe (Architects of Resurgence) is a "Fascist" movement appealing mainly to the youth of the country and promising everything for everybody. It has had no successes in previous elections and no candidates have so far been nominated for this election.

Independents.—Among the Independent members James Dillon alone is significant. He is the son of a legendary figure in pre-Treaty politics, and the only orator in the Dail, a skilful debater, knowledgeable and aggressively pro-Commonwealth. At various times it has been rumoured that he is to form a party of his own, but his impulsiveness is inclined to run away with him and his stock has recently declined owing to his extravagant statements, in effect charging members of the Government with corruption, which he was unable to substantiate before a judicial enquiry.

Monetary Reform has a solitary nominal exponent, Mr. Oliver Flanagan, who is an industrious lightweight, prominent in irresponsible criticism of the Government and Commonwealth.

Office of the United Kingdom
Representative to Eire, Dublin.
6th January, 1948.

C.R.O. Ref. X2647/7
F.O. Ref. W1358/36/68

No. 16

EIRE: NEW GOVERNMENT

*Lord Rugby to Mr. Noel-Baker. (Received in Commonwealth Relations Office
23rd February)*

(No. 14) *Dublin,*
(Telegraphic) *21st February, 1948*

The Coalition Government has now taken office, preferring apparently the somewhat significant but appropriate title of "inter-party government." The eleventh-hour decision of the National Labour group, numbering five, to go over solid against Mr. De Valera put the issue beyond doubt. The position to-day is Government 79 and Fianna Fail 68.

2. Mr. John Costello owes his selection, which he did not seek, to the fact that he was not personally involved in the bloodshed and animosities of the Civil War. General Mulcahy has shown both generosity and wisdom in standing down on these grounds from a leadership he could readily claim. Mr. Costello is a sound and successful barrister, not glamorous but highly respected. He was attorney-general in the Cosgrave Government and represented the Free State at Imperial Conferences in London in 1926, 1929 and 1930 and was frequently a delegate at the League of Nations.

3. Fine Gael nominees fill the chief posts in the new Cabinet, which has been expanded to the maximum in order to provide something for everybody. The appointment of Mr. Sean MacBride to hold the portfolio of External Affairs is a somewhat adventurous step in view of his

associations and campaignings on the extreme left. By culture and intelligence and professional reputation at the bar he is well fitted for the post. The general opinion is that responsibility in office will bring out his solid merits. The field of Anglo-Irish relations will provide the test.

4. Obviously there is a big question mark against the life of this strangely assorted Government. They are confronted by the solid Fianna Fail opposition *bloc* led by men who, after long years in office, are now well briefed on every issue and eager to attack. The new Government will perhaps be strengthened rather than weakened by derisive comments that they will never hold together. There is the further consideration that, after long waiting on the doorstep, access to office is a welcome change.

5. The Budget in May will be a testing time when the Government is brought up against its electioneering promises—

- (a) To remove recently imposed taxes.
- (b) To enlarge the social services.

By-elections will also present awkward problems and may impose a severe strain on mutual tolerance inside the Cabinet when rival "inter-party" claims for representation have to be settled.

6. Optimists consider that this Government with good luck may last for two years.

C.R.O. ref. X 2630/7
F.O. ref. W 2362/36/68

No. 17

GENERAL ELECTION IN EIRE, 1948

*Lord Rugby to Commonwealth Relations Office (Communicated). (Received in
Commonwealth Relations Office, 30th March)*

Dublin,
24th March, 1948

The general election was held on 4th February. The final results of the polling left the competing parties at the following strengths:—

Fianna Fail, 68 (a decrease of 8 seats).
Fine Gael, 31 (an increase of 4 seats).
Labour, 14 (an increase of 6 seats).

Clann na Poblachta (Republican Party),
10 (an increase of 8 seats).

Clann na Talmhan (Farmers Party), 7
(a decrease of 4 seats).

Independents, 12 (an increase of 3 seats).

National Labour, 5 (an increase of 1 seat).

The election of the Seanad (Upper House) will take place on 7th April.

The Thirteenth Dail met on 18th February. Mr. J. A. Costello, K.C., a barrister and prominent member of the Fine Gael party, was elected Taoiseach (Prime Minister) in the place of Mr. de Valera. The choice fell on him, not only on account of his solid merits, but because he had not been an active figure in the dark period of the Civil War. General Mulcahy, the leader of the Fine Gael party, wisely stood down in order to give place to Mr. Costello. The new Prime Minister heads an inter-party government formed of Fine Gael, the two Labour parties, Clann na Poblachta, Clann na Talmhan and Independents. There is a strong preponderance of Fine Gael personnel among the Ministers although the new Clann na Poblachta is represented by its leader, Mr. Sean MacBride, as Minister for External Affairs and Dr. Noel Brown as Minister for Health. The strength of these former opposition groups exceeds that of Fianna Fail by eleven members. Until the eve of the assembly of the Dail, it was generally believed that the five members of the National Labour Party would decide to vote with Mr. de Valera's Party, thereby giving Mr. de Valera a marginal majority with which to form a Government. The last-minute decision of these five deputies to throw in their lot with the other opposition parties was unexpected. Mr. de Valera, adhering to his often repeated declaration that he would not collaborate in a Coalition Government, has retired from the position he had held for sixteen years. He remains, however, the leader of the powerful and solid party of 68 members opposing the new government.

Mr. Costello has appointed the following members of his Cabinet. Its composition is indicative of the strength of the various parties in the coalition:—

General Mulcahy (Fine Gael), Education.
Mr. P. McGilligan (Fine Gael), Finance.
General Sean MacEoin (Fine Gael), Justice.
Dr. T. F. O'Higgins (Fine Gael), Defence.
Mr. Daniel Morrissey (Fine Gael), Industry and Commerce.
Mr. William Norton (Labour), Deputy Premier and Minister for Social Welfare.
Mr. T. J. Murphy (Labour), Local Government.
Mr. Sean MacBride (Clann na Poblachta), External Affairs.

Dr. Noel Brown (Clann na Poblachta), Health.

Mr. J. Blowick (Clann na Talmhan), Lands.

Mr. J. Everett (National Labour), Posts and Telegraphs.

Mr. J. M. Dillon (Independent), Agriculture.

Mr. Cecil Lavery (Fine Gael), Attorney-General.

The complete policy of the new Cabinet has not yet been made plain, but its generally expressed intention has been to devote itself to current economic problems affecting the ordinary citizen, as against Mr. de Valera's steady concentration on Eire's political status. The abolition of Partition is a principle which the new Government holds in common with all political parties, and Mr. de Valera's emphasis on this question during his tour in the United States has made it necessary for the Government also to express definite views on this subject. For instance, Mr. Costello has stated that one of the fundamental objectives of his government would be "to assert the right of the Irish nation to complete territorial unity and to absolute freedom," and Mr. MacBride, in a Paris press interview, said that "My Government's most fervent wish is to see an end of the artificial barriers which hinder the economic unity of our island." But in their fuller statements, the members of the Government have made some endeavour to follow a constructive line on partition, referring more to the desirability of Irishmen getting together than to criticism of Great Britain's part in the existing compromise.

In regard to the United Kingdom, Mr. Costello, in his first broadcast to the nation, on 24th February, said that the country could expect from Great Britain the greatest understanding in building up prosperity in Eire and that his Government would strive to increase the number of schemes of economic advantage to both countries.

The new government, in accordance with electioneering promises, has repealed the duties on beer, tobacco and entertainments which had been imposed by the outgoing government last autumn. These are obviously popular measures but the real testing time will be the presentation of the new Cabinet's first budget in April.

RUGBY.

24th March, 1948

MR. DE VALERA'S VISIT TO THE UNITED STATES*Lord Inverchapel to Mr. Bevin. (Received 16th April)*

(No. 643. Confidential) *Washington,*
 Sir, *9th April, 1948.*

In my despatch No. 573 of the 24th of March I had the honour to transmit to you a copy of a despatch from H.M. Consul General at New York, reporting upon the visit of Mr. de Valera to New York city. Sir Francis Evans observed that Ireland's politics seemed to have ceased to be an issue of moment to the mass of Americans. I endorse that view, with the qualification that influential Catholic and Irish-American groups will continue their efforts to bring the issue of partition before the American Congress and people as occasion may offer.

2. During the tour of the United States which Mr. de Valera undertook after leaving New York city, nothing has occurred to suggest that strong feeling has been aroused in the country by his speeches or public appearances. H.M. Consul General at Los Angeles reported that Mr. de Valera's visit to that city caused remarkably little excitement and received only slight publicity in the local press. H.M. Consul General at Detroit, who, with my approval, attended in a private capacity a luncheon given in honour of Mr. de Valera by the local branch of the Gaelic League, reported that Mr. de Valera's speech on this occasion was more of an historical summary than an attempt to arouse any remaining anti-British sentiment. Mr. de Valera carefully refrained from any allusion to the incursion of American troops into Northern Ireland during the war and he also avoided any reference to the refusal to allow U.S. Naval Forces to make use of ports in Southern Ireland.

3. Mr. de Valera appears to have taken a somewhat stronger line in a speech at Boston, a stronghold of Irish Catholics, on the 28th March. This was followed by an appearance in Washington on the 30th March, at which he alluded insistently to British meddling in the internal affairs of Eire. "That government arbitrarily split six of Ireland's counties from the motherland," said Mr. de Valera. "How else can this be construed than a negation of the very democratic principles England

announces to the world she intends to uphold? We don't want to use force, but we do want our independence."

4. On the following day, at a luncheon given by the National Press Club in Washington, Mr. de Valera almost entirely devoted another speech to a review of Ireland's struggle for independence and to his part therein, and to an attack upon partition, to which he constantly harked back. The fact that the Government of Eire's jurisdiction did not as yet extend over the six counties was, he maintained, the consequence of a blatant piece of "Tory political jerrymandering." There was no topographical, ethnic, religious, economic, or other justification for the present situation. If there were any question of a plebiscite to determine the wishes of the people, it should apply to the whole of Ireland. It would be entirely arbitrary and artificial to separate off any smaller section, such as the six counties, and treat that as the unit to which President Wilson's principle of self-determination should apply. At one point in his remarks Mr. de Valera briefly compared Ireland with Poland and let slip the remark that Britain had as bad a record as any great power in dealing with small nations. He went on to allege that, whilst there might be some difference in method, there was no fundamental differentiation to be made between the policies adopted by the U.S.S.R. in Eastern Europe and those followed by H.M. Government in the United Kingdom in Ireland, particularly in the matter of partition. The majority of the audience did not appear to take very seriously this strange comparison, which Mr. de Valera hastily followed by disclaiming any personal bitterness towards Britain and the British people and by avowing his desire for increased trade with the United Kingdom. The stronger tone taken by Mr. de Valera in his later utterances may perhaps be due to his realisation that interest in Eire's problems is somewhat on the wane in this country.

5. On the occasion of Mr. de Valera's first visit to Washington on the 10th March, he was received by the President and enjoyed what he afterwards described

as a "friendly chat" with Mr. Truman. Mr. de Valera also saw Mr. Marshall, who said afterwards that no political questions had been discussed and that Mr. de Valera's visit was like that of a private citizen. Neither Mr. Truman nor Mr. Marshall issued any formal statement to the press after seeing Mr. de Valera.

6. Throughout his visit Mr. de Valera has been subjected to a considerable number of questions, which appear to have been somewhat unwelcome to him, on the subject of the adherence of Eire to a Western European Union. He has cautiously avoided making any definite statement on this subject. But he has more than once emphasised that, in his view, there is little or nothing to be gained by the acceptance of military commitments on the part of a small nation deficient in the material resources required for modern war. At the National Press Club luncheon referred to in paragraph 4 above, Mr. de Valera, after dealing on these lines with a question on this subject, went on to state that, if the American people really wished Ireland to co-operate more closely with the other countries of Western Europe, their right and only course was to insist that Britain abandon her policy of "imposing partition" and withdrew her "troops of occupation" from Northern Ireland. On another occasion Mr. de Valera was asked whether he would consider the domination of Europe by the U.S.S.R. as a definite threat to Eire. He replied, "We are part of Europe in a sense and it would be a definite threat. But it would not be right for me to indulge in speculations." The fact that Eire is to be a recipient of United States aid under the E.R.P. has no doubt restrained Mr. de Valera from dissocia-

ting Ireland too markedly from the political life of the European continent. In spite of the strong Irish sympathies among certain sections of the population in this country, some doubts have been expressed in the press and on the wireless whether Eire is really entitled to benefit under the E.R.P. and can justify her association with the other fifteen recipient countries. At the luncheon in Washington on the 31st March, to which I have already referred, Mr. de Valera was also asked whether Eire should be regarded as a member of the British Commonwealth of Nations. In reply he described Eire as "an external associate" of the Commonwealth, emphasising that, as such, Eire assumed no obligations which did not serve her own interests. In the same breath he emphatically denied that Eire owed allegiance to His Majesty's The King but was obliged to admit in reply to a further question, that "for reasons of convenience" it had been decided that The King might sign the Letters of Credence of Irish representatives abroad.

7. Mr. de Valera returned to Eire on the 6th April, without making any further statements of interest or importance. Summing up the impression which has been produced by his visit to this country, I may say that, whilst Mr. de Valera himself has been warmly welcomed, no clear signs of anti-British agitation have emerged. It is only fair to add that Mr. de Valera himself appears to have made no serious effort to arouse anti-British feeling.

8. I am sending copies of this despatch to the U.K. High Commissioner at Dublin and to H.M. Consul General at New York.

I have, &c.

INVERCHAPPEL.

C.R.O. ref.: X 2631/23
F.O. ref.: AN 1728/120/45

No. 19

MR. DE VALERA'S PRONOUNCEMENTS IN UNITED STATES REGARDING PARTITION OF IRELAND

Lord Rugby to Sir E. Machtig. (Received in Commonwealth Relations Office, 17th April)

Dublin,

Dear Machtig, 15th April, 1948.

I enclose a record covering Mr. de Valera's main pronouncements on the subject of Partition during his recent American tour. It will be seen that the tone of his speeches became more objectionable as

he proceeded on his way. No doubt he found that the emotional gatherings of Irish patriots responded best to strong doses. I doubt whether he expects much direct practical result from his American tour. His primary object no doubt is to re-establish himself on the Irish political

stage after his recent setback. These tactics are certainly embarrassing to the new Government here. They cannot afford to show lack of zeal in an anti-Partition campaign and the appointment of Captain Denis Ireland of Northern Ireland to the Eire Senate is a move in the game by the Costello Government.

It is not easy to say whether the excitement caused by Mr. de Valera's crusade will die down or whether he will succeed in his aim of keeping the Partition issue in the forefront of political activity.

So far as he personally is concerned his utterances in America have undoubtedly lowered his status here. A significant comment frequently heard is, "The spell is broken."

It remains to be seen whether Mr. de Valera has a technique for getting back on to his pinnacle.

Yours ever,
RUGBY.

Enclosure in No. 19

Extracts of press reports of Mr. de Valera's speeches in the United States on Partition.

8th March in New York

(Irish News—9th March, 1948)

Asked if he thought Britain's debt to Ireland for years of oppression had been repaid, Mr. de Valera replied "Such a debt could never be repaid."

Asked whether he had come to America to rally support to end the partition of Ireland, Mr. de Valera replied "That is not my specific motive in coming here, but if my presence does anything to help end partition, I shall be glad. No true Irishman will be satisfied until Irish partition ends."

9th March in New York

(Northern Whig—10th March, 1948)

Mr. de Valera declared—"I hope to be able to proclaim one day that Northern Ireland is joined to Eire." He added "No Irish man or woman will be satisfied until all Ireland is free. The day will come when an Irish leader will come to the United States and announce that Ireland from sea to sea is now completely free. I admit that I would like to be that person."

10th March in New York

(Irish Press—11th March, 1948)

"It (Partition) is the one outstanding difficulty between Britain and ourselves. If it could be settled the position would be reached for establishment of the best possible relations between the two countries.

"There are many points of common interest between Britain and Ireland, and relations between the two countries have been greatly improved by Britain's conduct to us during the last war."

12th March in San Francisco

(Irish Press—13th March, 1948)

He appealed for the support of those trying to get together the peoples of the world who have common ideals of justice, in order that they should find a practical solution of the Irish Partition problem.

He continued, "The Parliament of the cut-off portion of our country is subordinate to Westminster, with certain local powers of their own. I have suggested as a practical step that they should be allowed to keep their powers, but that the powers Westminster has should be transferred to an All-Ireland Parliament. No persons of good will should object to that."

Mr. de Valera explained in detail the political position of the Six Counties, which many of the Pressmen present said they understood for the first time

15th March in San Francisco

(Irish Press—16th March, 1948)

"Ireland was partitioned at the desire of the Tories to prevent home rule becoming a fact.

"We know that Partition is unjust. Is anybody going to blame us for saying that cordial relations with Britain cannot be effected as long as Partition continues?"

"Britain must cease to divide what is actually one. We want to play our part in helping the world. We cannot do so until Ireland is united.

"It is only through gerrymandering that the Unionist minority attains majority rule. Partition, instead of helping the minority problem, has created a more intense minority problem.

"The British are guilty of hypocrisy in advocating unity for European nations while they forbid the union of all Irishmen."

16th March in San Francisco

(*Irish Press*—17th March, 1948)

Mr. de Valera said yesterday, at a luncheon party in San Francisco, that he would return to Ireland as an opposition leader and continue the remaining dispute with Britain—that of Partition.

“An ancient nation has been mutilated. Our six counties are cut off—not for any principle, but originally to suit the aims of a British Tory Party in their disputes with the Liberals. The original reason was the solution of a minority problem; that minority was one in four, but it has created a greater minority problem—one of one in three.

“Partition is the outstanding cause of quarrel which prevents us from securing the proper relations with our neighbour, Great Britain”

18th March in Los Angeles

(*Irish Press*—19th March, 1948)

“If we had the military strength to prevent the division of Ireland by force, we would have done it, as Lincoln did it in the United States.

“We cannot have faith in people who say that they want to blot out the Customs boundaries of Europe and, at the same time, compel us to have such boundaries in Ireland.”

He was thankful that the United States was cognisant of Irish politics “because the British could have crushed us if they could have isolated us from public opinion.”

26th March at Providence

(*Irish Press*—27th March, 1948)

“Britain is guilty,” said Mr. de Valera. “Ireland is cut in two without the consent of the Irish. You would reduce democracy to an absurdity if you cut off a block of States voting by majority Republican or Democrat. People who preach democracy for other nations have reduced it to an absurdity in Ireland. They talk of uniting different States of Europe by customs unions, yet they cut in two an older nation than them all.”

28th March in Boston

(*Irish Press*—29th March, 1948)

“They tell you that what they call Ulster must not be coerced. Answer them that it is being coerced, that the majority of the people of four of the cut-off counties and

the great minority in the rest are being held in territory garrisoned by British arms against their own desire to unite with the rest of Ireland.

“If what is happening in partitioned Ireland to-day were being done in Eastern Europe by Russia the people on whom it was being done would be entitled to ask assistance, and many who talk of democracy now would cry out against the injustice.

“How can Britain convince us that she is fighting for democracy when she imposes that injustice on us?

“Let those asking for world peace realise that in undoing the wrong of Irish Partition they are going far to help world peace.

“We Irish are realistic. We have seen wars fought for high principles before, principles that were kept. We are suspicious of those who ask us to fight for such principles when they are not acted up to in peacetime. That is making a travesty of democracy.”

29th March in Boston

(*Irish Press*—30th March, 1948)

“In Ireland, we want a democracy, but in the British-occupied part of our country, there is no democracy. It has been so arranged there that one vote of a person who wants unity with British Toryism is as good as two votes from those who want a united Ireland.

“That position is being subsidised by Britain and upheld by force of British arms. There is no crime committed against any nation in Europe on which a minority has imposed its will on the majority which is worse than the crime inflicted on our ancient nation.

“Britain began it; Britain maintains it. What would you Americans think if an outside Power dictated a division of your people? You know that the unity of your country is necessary to your national existence.”

31st March in Washington

(*Irish Press*—1st April, 1948)

“Britain was acting more undemocratically in carving up Ireland, on the pretence of aiding democracy, than Russia was, because with Britain there was pretence. With Russia there was just blatant action.

“If I were Stalin,” he said, “and wanted what Stalin wanted, I would imitate Britain and get away with it as

Britain is getting away with it. It would be easy to pick an area somewhere in Europe with a Communist majority and, on pretence of safeguarding a minority, to cut off that area and make it appear as if it were being governed by a majority."

4th April in New York

(Irish Press—5th April, 1948)

In the course of his speech Mr. de Valera gave the facts about the Border and quoted gerrymander figures. Then he asked:—

"Are you surprised that, with such examples of democracy before us, we in Ireland smile a cynical smile when we see posing as champions of democracy those who are responsible for a continuance of this contempt of democracy?"

"Do you blame us for regarding their fine professions as mere hypocritical lip service?"

"Let those who ask us to go to war for democracy remember there is a wrong to be righted in Ireland, and it can be righted without shedding one drop of blood."

"To-day, efforts are being made to bring the nations of Western Europe together, to bring into a union States which have many points of difference and many diverging interests."

"How can we regard as sincere those who, while professing to work for such a union, insist on keeping divided a nation and territory that are naturally one?"

5th April in Philadelphia

(Irish Independent—6th April, 1948)

Mr. de Valera, addressing a meeting in Philadelphia, advanced two plans for solving the Partition problem.

He suggested that Great Britain should give the six Northern counties independent status, with all existing powers, but under an all-Irish Parliament.

He added: "Or let the Tories decide whether they want to be Irish or British. If they decide to be Irish, then they will be welcomed with open arms. If they wish to be British, we will wish them Godspeed."

He predicted that "we will live to see the finish of the struggle for a united and free Ireland."

C.R.O. ref.: X 2638

No. 20

F.O. ref.: 6684/36/68

THE REPEAL OF THE EIRE EXTERNAL RELATIONS ACT

Memorandum by the United Kingdom Representative
Dublin, 1st November, 1948

The Eire Government have recently announced their intention to repeal the External Relations Act of 1936, under which appointments of Eire diplomatic and consular officers have hitherto been made in the name of the Crown. The main clause of the Act reads as follows:—

"So long as Saorstát Eireann [Irish Free State] is associated with the following nations, that is to say, Australia, Canada, Great Britain, New Zealand and South Africa, and so long as The King recognised by those nations as the symbol of their co-operation continues to act on behalf of each of those nations (on the advice of the several Governments thereof) for the purposes of the appointment of diplomatic and consular representatives and the conclusion of international agreements, The King so recognised may, and is hereby authorised to, act on behalf of Saorstát Eireann for

the like purposes as and when advised by the Executive Council so to do."

Historical

2. It is worth while recalling briefly the circumstances in which this Act was passed on 12th December, 1936. In Eire (the Irish Free State as it then was), as in all the other self-governing countries of the Commonwealth, urgent parliamentary action was required to bring the abdication of King Edward VIII into effect. Mr. de Valera's Fianna Fail Government did not, however, confine their legislation to what was needed for this purpose. Mr. de Valera had already (in 1933) removed the Oath of Allegiance and the right of appeal to the Privy Council from the Constitution of 1922, and had published the draft of a new Constitution which was entirely republican in form. He took the opportunity of the abdication to force through

two Acts, one of which removed the Crown and the Governor-General from the 1922 Constitution; the other (the External Relations Act) maintained the use of the Crown solely for the appointment of diplomatic and consular officers, and recognised the new King "for these purposes." The Dail was specially summoned and the Bills rushed through in one and a half days with the aid of the compact Fianna Fail majority and a ruthless use of the guillotine. In the following year (1937) Mr. de Valera's new Republican Constitution passed into law.

3. The External Relations Act thus became the only operative link with the Commonwealth; though worded in most restrictive terms it could be regarded as keeping alive the symbol of the Crown in the field of Eire's foreign relations; and at the end of 1937 the United Kingdom Government announced that they were prepared to treat the new legislation "as not effecting a fundamental alteration in the position of Eire as a member of the British Commonwealth of Nations." It was added that the Governments of Canada, Australia, New Zealand and the Union of South Africa took the same view.

4. In February 1948 Fianna Fail's sixteen years' tenure of office was brought to an end. The party lost many seats in the general election of that month, and, though still the largest single party, had no longer a majority over all the others, who forthwith banded together in the common cause of ousting them. The new Government, under Mr. Costello, thus surprisingly consists of representatives of the Clann na Poblachta Party (which has a republican platform and at any rate some personal links with the old Irish Republican Army), the two Labour Parties, the Farmers' Party and, on the Right, the Fine Gael Party (Mr. Costello's party and the direct successors of Mr. Cosgrave's party which fought for the treaty and consistently opposed Fianna Fail's axing of the links with the Commonwealth in the 1930's).

5. Prior to the elections it was becoming clear that the External Relations Act was a constant temptation to all parties; properly handled it might furnish the opponents of any Government with a cheap but useful form of attack, and Mr. de Valera, as the architect of a measure which preserved some remnant of the Crown in the midst of his recently-won Republic, seemed increasingly sensitive on the subject. He did not, however, himself make it an issue in the election campaign, though Mr. MacBride's Clann na Poblachta made

repeal a plank in their platform, and Mr. Norton, the leader of one of the Labour Parties, and at least one of the Fine Gael leaders, made slighting references to the Act in electioneering speeches. With the formation of the new Government the Act seemed to have taken on a new lease of life. The country as a whole breathed a sigh of relief at the ending of the monopoly of the doctrinaire politicians of Fianna Fail and their eclipse by a Government which would, it was hoped, get on with the job of governing and cease worrying about constitutional forms. The new Prime Minister, Mr. Costello, within a few days of his appointment, made the specific statement that "there will be no constitutional change of any sort," and linked this with a wish for very friendly relations with the United Kingdom. Mr. MacBride, the new Minister for External Affairs, had already stated that, while the repeal of the Act remained an ultimate aim of the Clann na Poblachta, they had received no mandate for it from the electorate and it must remain in abeyance for the time being. During their first months all members of the Government frequently reiterated their desire for the closest and most cordial relations with the United Kingdom, and this happier atmosphere bore fruit in the Trade Agreement negotiated between United Kingdom and Eire Ministers in June and signed by the two Prime Ministers at the end of July.

6. It is difficult to account for the sudden change in the situation. The rot set in when Mr. MacBride, under cross-examination in the Dail on 21st July, made the, apparently unpremeditated but downright, statement that Eire was "certainly not a member of the British Commonwealth." This gave rise to direct Parliamentary Questions, in reply to which Mr. Costello said that Eire had ceased to be "formally" a member, but was "associated" with the other members of the Commonwealth. On 6th August, in a debate in the Dail Mr. de Valera said that if the Government were to bring in a Bill to repeal the External Relations Act they would find no opposition, and Mr. Norton (Deputy Prime Minister) replied that he thought it would be a good thing to abolish it without delay. Nobody, however, took Mr. Norton's statement as committing the Government; and there was genuine surprise when reports were received from Canada on 7th September (where he was making an unofficial visit) that Mr. Costello had stated at a press conference that the

Britain is getting away with it. It would be easy to pick an area somewhere in Europe with a Communist majority and, on pretence of safeguarding a minority, to cut off that area and make it appear as if it were being governed by a majority."

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2. It is worth while recalling briefly the circumstances in which this Act was passed on 12th December, 1936. In Eire (the Irish Free State as it then was), as in all the other self-governing countries of the Commonwealth, urgent parliamentary action was required to bring the abdication of King Edward VIII into effect. Mr. de Valera's Fianna Fail Government did not, however, confine their legislation to what was needed for this purpose. Mr. de Valera had already (in 1933) removed the Oath of Allegiance and the right of appeal to the Privy Council from the Constitution of 1922, and had published the draft of a new Constitution which was entirely republican in form. He took the opportunity of the abdication to force through

two Acts, one of which removed the Crown and the Governor-General from the 1922 Constitution; the other (the External Relations Act) maintained the use of the Crown solely for the appointment of diplomatic and consular officers, and recognised the new King "for these purposes." The Dail was specially summoned and the Bills rushed through in one and a half days with the aid of the compact Fianna Fail majority and a ruthless use of the guillotine. In the following year (1937) Mr. de Valera's new Republican Constitution passed into law.

3. The External Relations Act thus became the only operative link with the Commonwealth; though worded in most restrictive terms it could be regarded as keeping alive the symbol of the Crown in the field of Eire's foreign relations; and at the end of 1937 the United Kingdom Government announced that they were prepared to treat the new legislation "as not effecting a fundamental alteration in the position of Eire as a member of the British Commonwealth of Nations." It was added that the Governments of Canada, Australia, New Zealand and the Union of South Africa took the same view.

4. In February 1948 Fianna Fail's sixteen years' tenure of office was brought to an end. The party lost many seats in the general election of that month, and, though still the largest single party, had no longer a majority over all the others, who forthwith banded together in the common cause of ousting them. The new Government, under Mr. Costello, thus surprisingly consists of representatives of the Clann na Poblachta Party (which has a republican platform and at any rate some personal links with the old Irish Republican Army), the two Labour Parties, the Farmers' Party and, on the Right, the Fine Gael Party (Mr. Costello's party and the direct successors of Mr. Cosgrave's party which fought for the treaty and consistently opposed Fianna Fail's axing of the links with the Commonwealth in the 1930's).

5. Prior to the elections it was becoming clear that the External Relations Act was a constant temptation to all parties; properly handled it might furnish the opponents of any Government with a cheap but useful form of attack, and Mr. de Valera, as the architect of a measure which preserved some remnant of the Crown in the midst of his recently-won Republic, seemed increasingly sensitive on the subject. He did not, however, himself make it an issue in the election campaign, though Mr. MacBride's Clann na Poblachta made

repeal a plank in their platform, and Mr. Norton, the leader of one of the Labour Parties, and at least one of the Fine Gael leaders, made slighting references to the Act in electioneering speeches. With the formation of the new Government the Act seemed to have taken on a new lease of life. The country as a whole breathed a sigh of relief at the ending of the monopoly of the doctrinaire politicians of Fianna Fail and their eclipse by a Government which would, it was hoped, get on with the job of governing and cease worrying about constitutional forms. The new Prime Minister, Mr. Costello, within a few days of his appointment, made the specific statement that "there will be no constitutional change of any sort," and linked this with a wish for very friendly relations with the United Kingdom. Mr. MacBride, the new Minister for External Affairs, had already stated that, while the repeal of the Act remained an ultimate aim of the Clann na Poblachta, they had received no mandate for it from the electorate and it must remain in abeyance for the time being. During their first months all members of the Government frequently reiterated their desire for the closest and most cordial relations with the United Kingdom, and this happier atmosphere bore fruit in the Trade Agreement negotiated between United Kingdom and Eire Ministers in June and signed by the two Prime Ministers at the end of July.

6. It is difficult to account for the sudden change in the situation. The rot set in when Mr. MacBride, under cross-examination in the Dail on 21st July, made the, apparently unpremeditated but downright, statement that Eire was "certainly not a member of the British Commonwealth." This gave rise to direct Parliamentary Questions, in reply to which Mr. Costello said that Eire had ceased to be "formally" a member, but was "associated" with the other members of the Commonwealth. On 6th August, in a debate in the Dail Mr. de Valera said that if the Government were to bring in a Bill to repeal the External Relations Act they would find no opposition, and Mr. Norton (Deputy Prime Minister) replied that he thought it would be a good thing to abolish it without delay. Nobody, however, took Mr. Norton's statement as committing the Government; and there was genuine surprise when reports were received from Canada on 7th September (where he was making an unofficial visit) that Mr. Costello had stated at a press conference that the

Government had definitely decided to repeal the Act.

Eire Politics

7. There can be no doubt that the Government have bungled matters; Mr. Costello, especially, has played his part in a peculiarly amateurish fashion. Suggestions have been made that Mr. MacBride has been behind it all, and that repeal is the "pound of flesh" which he has insisted on exacting as his price for refraining from breaking up the Government. This has been vigorously denied by Mr. Costello, and from confidential information we know that the initiative was not in fact taken by Mr. MacBride. We understand that, before Mr. Costello left for Canada, the Cabinet had had some discussion on the subject and had taken a decision in principle that the Act would have to go; but they had given no consideration to the question of timing nor, as a Cabinet, had they gone into the possible consequences. Mr. Costello's announcement in Canada seems to have been as much a surprise to his colleagues as to everyone else.

8. The position of Mr. Costello's Fine Gael Party is especially anomalous. It was they who consistently opposed the whole of Fianna Fail's policy in the 1930's of cutting the constitutional links with the United Kingdom. It was they who in 1936 referred to the Crown as the symbol of *Irish* freedom and of Irish membership of the Commonwealth. It was they who were looked upon in the February elections as the defenders of the Commonwealth link. Yet it is the Government of which they form the largest party which is cutting the final link. It is indeed astonishing that the party which fought a bitter civil war to defend the 1922 Constitution and the treaty against the Republicans, should themselves initiate the abolition of the last remnant of that for which they fought. It is clear that party members are bewildered and anxious; and, off the platform, members of the Government speak in an apologetic tone. Publicly the line taken by the Government is that this last tenuous link with the Crown was a constant irritant to opinion in Eire; that it was dishonest and deceitful since Eire pretended to be a republic at home while acting as a monarchy in the diplomatic field; and that repeal is not inspired by any hostility to the Commonwealth, but that on the contrary the removal of this cause of friction is a constructive act designed to make a

stronger and more enduring friendship possible.

9. The motives behind these moves are to be found in the game of Eire internal politics. Fine Gael seem to have thought that they could, as a newspaper has put it, "outbid Mr. de Valera on his own cards." Their claim that the repeal of the Act is required by some burning public resentment, or indeed for any other reason, is completely untrue. Astonished at their own daring iconoclasm, they must now find daring phrases to justify it. Time will show whether, in attempting to dish Mr. de Valera, they have not dished themselves. If Fianna Fail had introduced repeal (and this may have been the main reason why they held back), Fine Gael would certainly have been able to rally very strong elements in the country to defend the existing links. Undoubtedly some of the enthusiasm for the new Government arose from the expectation that they would be able to establish relations with the Commonwealth on an honestly friendly basis, free from the historical memories and doctrines which have bound Mr. de Valera so tightly. Fine Gael have turned their backs on this. And they cannot shut their eyes to the fact that, by their own action, they have done grave damage to the very cause by which they set the highest store, the ending of the partitioning-off of the Six Counties in the North. They may speak brave words about putting their relationship with the Commonwealth on a new and firmer footing; but any sort of new formula or arrangement would lay them open to violent and ruthless attack by Fianna Fail which they would not, it seems, be prepared to face.

Effect on Relations with the Commonwealth

10. The consequences of the repeal of the Act are now being examined by the United Kingdom and Eire Governments. After Mr. MacBride's statement in the Dail in July and Mr. Costello's announcement in Canada, it was clear that Eire could not participate in the meeting of Commonwealth Prime Ministers held in London in October, and no invitation was sent to the Eire Prime Minister. But the decision to repeal the Act was a matter of direct interest to many members of the Commonwealth, and, at Mr. Attlee's invitation, two members of Mr. Costello's Cabinet, Mr. MacBride and Mr. McGilligan (Fine Gael), met Commonwealth representatives

at Chequers on 17th October. The United Kingdom was represented by the Prime Minister, the Lord Chancellor, and the Secretary of State for Commonwealth Relations; Canada by Mr. St. Laurent (Prime Minister Designate); Australia by Dr. Evatt (Deputy Prime Minister); and New Zealand by Mr. Fraser (Prime Minister). The discussions were entirely informal and friendly. On all sides desire was emphasised to maintain close relations of friendship between Eire and the various members of the Commonwealth. It was clear, however, that it may well prove difficult to maintain the preferences which exist between Eire and the members of the Commonwealth in the field of trade and citizenship.

11. At present Eire enjoys the full benefits of "Imperial preference" for her imports into the United Kingdom. United Kingdom trade similarly enjoys preferential treatment over a considerable range of imports into Eire. Under the new British Nationality Act Eire citizens are not aliens but are given equal treatment with British subjects and can become United Kingdom nationals in the same way as citizens of other Commonwealth countries, merely by twelve months' residence. They can freely enter the Government services, including the armed forces, and can train for, enter and practise the professions, such as medicine, the law, &c., on the same basis as British subjects. The problem is that, if by repealing the Act Eire loses international acceptance of her Commonwealth status and becomes a foreign country indistinguishable in law from any other foreign country as regards her relationship with the United Kingdom and the other members of the Commonwealth, then international treaties guaranteeing most-favoured-nation rights to foreign countries may come into play to prevent the continued grant of such preferences as these between Eire and the Commonwealth. The legal questions now under examination are thus, whether, following repeal of the Act, preferences *can* be maintained against most-favoured-nation claims from foreign Governments, or whether, if they are maintained, they will open the door for an extension of preferences between foreign countries (*e.g.*, trade preferences between Latin American countries) which would be detrimental to Commonwealth, and especially United Kingdom interests.

It will be recalled that the Statute of Westminster referred to the Commonwealth relationship in the following terms: "The Crown is the symbol of the free association of the Members of the British Commonwealth of Nations, and they are united by a common allegiance to the Crown."

12. It has been authoritatively stated that "the United Kingdom Government's attitude is that of readiness to consider any and every possibility of getting round the problems which the repeal of the Act would create." The attitude of other Commonwealth Governments is understood to be generally the same. The difficulty is that, if any mitigation of the possible consequences were to be effected, it would have to be on the basis of arrangements which would be not only acceptable to the United Kingdom and to the Commonwealth, but which would also be held to be valid in international law. The attitude of the Eire Government may be summarised as follows:—

- (a) They earnestly desire to continue close relations with the Commonwealth.
- (b) Their line is that these relations will be strengthened if based on factors of tradition, custom and common interest rather than on "out-worn" constitutional forms.
- (c) They desire to maintain the existing preferential rights and privileges which, since the creation of new rights is not involved, would not, in their opinion, entitle other nations to raise objections under most-favoured-nation clauses.
- (d) If, nevertheless, preferential rights have to be sacrificed, they are "prepared to face the consequences"; they are determined to go through with the repeal of the Act, and alternative formulæ for membership of the Commonwealth are not likely to evoke any response from them, since any such "entanglements" would lay them open to damaging attack from the Opposition.

13. The Bill repealing the External Relations Act will be introduced in the Oireachtas (Parliament) as soon as it meets on 17th November, and, as it will not be opposed, will pass through all its stages very quickly.

CONVERSATION BETWEEN MR. JEBB AND MR. MACBRIDE

Proposed Association of Eire with Council of Europe

At the Canadian reception yesterday Mr. Pearson introduced me to Mr. MacBride, and we had a conversation of about half an hour.

Mr. MacBride began by asking me what I did, and we fairly quickly got on to the subject of European unity. In this connexion I explained at some length what Mr. Bevin's ideas were and how his plan differed from the French conception. I gave the general reasons why we thought the latter was impracticable, and why, on the contrary, we thought that the Secretary of State's proposal was the only constructive one which would be likely to lead to greater unity in the future.

Mr. MacBride professed great interest in all this, and I had the impression that he had never really seriously considered it before, and was quite ignorant of the issues involved. He seemed in principle quite sympathetic to the Secretary of State's plan, but when I asked him whether Ireland was likely to come in to the Council of Europe on the lines proposed by Mr. Bevin he muttered something about partition. I then said that, as far as I understood it, Eire was a candidate for admission to the United Nations, and that the partition issue did not seem to prevent her joining this particular international organisation

if she were elected. Why, then, should partition prevent her from joining a similar regional association composed entirely of friends of Ireland and organised on United Nations lines? Mr. MacBride countered this by saying that whereas Ireland would undertake no military commitments if she came into the United Nations, she would do so if she came in to the Council of Europe. I disabused him of this idea, however, and said that, on the contrary, it would not be necessary for Eire to come in, for instance, to the Treaty of Brussels before coming in to the Council of Europe.

Mr. MacBride seemed quite impressed by these arguments, and asked me whether I could put them down on a piece of paper for his own information.

I said that I could not do anything of the kind, but if he wished for further information on the subject of Mr. Bevin's proposal no doubt he could get it from the usual quarters.

GLADWYN JEBB,
(United Kingdom Delegation
to United Nations General
Assembly, Paris).

17th November, 1948.

C.R.O. ref.: X 2638/37

No. 22

F.O. ref.: W 1005/8/68

REPEAL OF THE EIRE EXTERNAL RELATIONS ACT

Further Memorandum by the United Kingdom Representative, Dublin,
3rd December, 1948

(Received in Commonwealth Relations Office 7th December, 1948)

The Bill to repeal the External Relations Act, entitled the "Republic of Ireland" Bill, was introduced into the Dail on 17th November. The Bill consists of four short Clauses: Clause 1 repeals the External Relations Act, Clause 2 declares that the "description" of the State is the Republic of Ireland, Clause 3 empowers the President to exercise the executive powers of the State in

connexion with external relations, and Clause 4 provides that the Bill shall not come into force until a date to be announced by the Government. The second stage debate opened on 24th November and closed on 26th November without a division.

2. Agreed statements on the subject of the future relations between the United Kingdom and Eire were made, first by

Mr. Costello in the Dail on 24th November, and then by the Prime Minister and the Lord Chancellor in the Houses of Parliament on 25th November. Similar statements were made in other Commonwealth countries. The essential part of the United Kingdom Government statement was the sentence "Accordingly the United Kingdom Government will not regard the enactment of this legislation by Eire as placing Eire in the category of foreign countries, or Eire citizens in the category of foreigners." The Bill is expected to pass all its remaining stages in the Dail and Senate by 11th December, and the Eire Government hope to bring it into force on 21st January (the anniversary of the Declaration of Irish Independence and the constitution of the first Dail in 1919).

3. Clearly this is a very satisfactory outcome so far as Eire is concerned, and many kind words were said during the debate in the Dail by members of the Government and their supporters about the helpful attitude of the United Kingdom and other Commonwealth Governments. In particular Mr. MacBride (the Minister for External Affairs) in his closing speech paid a specially warm tribute to Mr. Attlee. Much was made of the thesis that the removal of the "irritant" of the Crown would lead to closer and more friendly relations with the Commonwealth than hitherto. It might have been expected that some of the more nationalistically-minded Deputies would have commented adversely on the statement that Eire would not regard Commonwealth countries as "foreign" countries and would have seen in it some mysterious limitation on the fully independent status of the Irish Republic. It was noticeable that this did not occur. This is a forward step. There is no doubt that what has been done by the United Kingdom and other Commonwealth Governments will work for good so far as Commonwealth-Eire relations are concerned, and that there is in Eire a genuine desire to remain on friendly terms with Commonwealth countries. But it would be a great mistake to expect too much. The problem of Partition (about which more is said in paragraph 9 below) looms over the horizon, and it could not escape notice that the references to other Commonwealth countries (particularly in the Taoiseach's speech) were much warmer than the references to the United Kingdom.

4. Politicians and the press vied with each other in their determination to dress

up the second stage debate in the Dail as a historic national occasion. For an "occasion" it was unconscionably long drawn out. The debate occupied twenty-one hours of parliamentary time from 4 p.m. on 24th November to 6 p.m. on 26th November. More than forty Deputies spoke, and few of them found themselves able to give full expression to their feelings in speeches lasting less than three-quarters of an hour. This, to the outsider, was all the more surprising since the house was virtually unanimous in support of the Bill. But a national occasion is in Eire essentially an occasion for the individual, and as many individuals as possible, to place his views on record for posterity. Ireland has an infinite toleration for the speechifier.

5. Despite what they said, Deputies did not in fact give the debate that attention which a "historic occasion" might have been expected to warrant. Except at the beginning of the Taoiseach's opening speech, there was never more than one-third of the total number of Deputies present in the House, and at many points in the debate there was only one Deputy to be seen on the Opposition benches. The House woke up on only two occasions; these were when Mr. Lemass and Mr. MacEntree from the Fianna Fail benches touched upon the old controversies of the Treaty and the Civil War, and the old fratricidal bitterness burst into view as Deputies on all sides rose to hurl insults and recriminations at each other. Apart from these momentary outbursts, the debate pursued an even and indeed soporific course.

6. In many ways there was an air of unreality about it. There was no enthusiasm or applause at the end of the Taoiseach's opening speech or when the Second Stage was carried without a vote. The reason for this is not far to seek; the introduction of the Bill was in essence merely a party political manoeuvre. As explained in the previous note by this Office, dated 1st November, the Fine Gael Party, and Mr. Costello in particular, had got themselves into an anomalous, indeed a dishonest, position; the *Irish Times* could not refrain from commenting that "there is something rather nauseating in the spectacle of so many otherwise decent men tumbling over one another in their haste to climb on to the Republican band-wagon." Both in style and in substance Mr. Costello's opening speech, which lasted nearly three hours, showed the effects of an uneasy conscience. In order to justify himself

and his Party, he endeavoured to establish two main lines of thought:—

- (1) That the Bill was the glorious consummation of the great historic movement to secure for Eire full recognition of her international status as an independent Republic;
- (2) that it was the logical outcome of the policy which Fine Gael had stood for in defending the Treaty even at the cost of civil war.

7. Such a consummation of the national movement to independence would, Mr. Costello said, bring to an end the old bitter-nesses between the Irish political parties and would enable them in future to go forward with a broad unity of purpose. But his own arguments belied this. Fianna Fail could not but feel that, if this step was indeed the crowning achievement of the Irish national movement, the credit should have accrued to them and should not have been filched from them by a party political manoeuvre. Moreover, it was in order to achieve a Republic that Fianna Fail had fought the civil war and, if Fine Gael were honest in claiming that a Republic had been their objective throughout, then the blood struggle had been unnecessary and vain. Of the Fianna Fail speeches, Mr. de Valera made a cool and statesmanlike speech, in which he welcomed the Government's "conversion," but refrained from raking over the embers of past fires. Mr. Lemass and Mr. MacEntee, however, could not altogether contain themselves; they felt it incumbent upon them to expose the falsity of Fine Gael's position and the absurdity of the argument that Republican status flowed from the Treaty.

8. It was this which demonstrated that Irish party politicians are still perhaps more deeply moved by the internecine hatreds which arose from the Civil War than by the underlying anti-British strain in Irish politics. Despite the expression by all speakers of pious hopes for domestic unity, it was only references to the rights and wrongs of the Treaty and Civil War period which aroused real feeling. It is

this which has vitiated Irish politics over the past twenty-five years, for the two largest parties, Fine Gael and Fianna Fail, are divided not by differences of policy but by differences of memories, a much more potent force. The incidents provoked by Mr. Lemass and Mr. MacEntee suggest that the removal of the "irritant" of the Crown and the open declaration of a Republic will not succeed in over-coming these differences at any rate during the lifetime of those who took an active part in the Civil War.

9. It will, however, be a natural manoeuvre on the part of all parties to side-step this division by means of an all-out campaign against Partition. Each party must now endeavour to outdo its rivals in a passionate crusade for Irish unity. This is the significant consideration for the United Kingdom. It was noticeable that speaker after speaker voiced the theme that the passing of the Bill would "isolate the problem of Partition" and clear the stage for a united effort to end it. While we should not be led astray into thinking that conscious feeling in Eire, or even among the politicians, is represented by the wild statements, made in the debate by fire-brands such as Mr. Cowan (Independent) and Mr. Fitzpatrick (Clann na Poblachta), that Partition will only be ended by force, it is regrettably true that, in the atmosphere of a national drive against Partition, words like these may provoke irresponsible elements to act, and that once the spark of violence has been kindled it will not be possible for any Eire Government to put it out. The Republican bandwagon has come triumphantly home with practically every politician on board. No leading politician dare to appear reluctant to join the anti-Partition bandwagon or to seem doubtful about the wisdom of giving it a hearty shove. And yet it should be evident that there is a stiff ditch in front of them, dug deep by Eire's neutrality in the war, and now deeper still by the formal declaration of a Republic—a move away from Crown and Commonwealth which has still further outraged the feelings of the loyalists of the North.

CHAPTER IV.—NEW ZEALAND

C.R.O. ref.: G 3120/11

No. 23

F.O. ref.: W 2485/127/68

EMPLOYMENT PROBLEMS IN NEW ZEALAND

Mr. Snelling to Mr. Gordon-Walker. (Received in Commonwealth Relations Office, 30th March)

(No. 50)

Wellington,

Sir,

18th March, 1948.

Previous reports from this post, notably Mr. Costar's despatch No. 309 of 17th November, 1947, have drawn attention to the struggle which has been developing since the last election in November 1946 between the Labour Government and the militant wing of the New Zealand trade union movement. Although this struggle manifests itself in a series of disputes on points which are of merely parochial interest, the underlying issues are of wider significance.

2. New Zealand, in her isolated position and in her own way, is in fact searching for her answer to two of the most important political and social issues of the day. Both of them have, as background, conditions of full employment. The first issue is whether, under such conditions, the Labour movement is to be militant, revolutionary and communistic or moderate, democratic and constitutional in its aims and methods. If the trade unions are relentless in their pressure to secure higher wages, unscrupulous in their tactics to achieve their ends, and successful in their efforts to persuade the Government to concede their demands, wages and with them prices will soar upwards, and an inflationary situation will develop. If the unions are reasonable in their objectives, moderate in their methods and co-operative in their outlook, the first prerequisite for stability will be established.

3. The second issue is perhaps another facet of the first. It is whether these same conditions of full employment, if they do not result in inflation, will foster such a strong sense of security and complacency as to lead to a decline in output per man, a loss of energy and a deterioration in the will-to-work.

4. Many persons think that in New Zealand the second danger inherent in full employment—lethargy—is greater than the first danger—inflation. Certainly the New Zealand Government have so far had greater success in holding prices in check than the Government of almost any other

country. The retail price index stood only about 4 per cent. higher at the end of 1947 than in 1942. Moreover, this feat has been accomplished not, as in the United Kingdom, by means of a rationing system which unfortunately had to be so strict as to limit severely the expenditure of consumers upon goods whose prices affect the index, for only a few food-stuffs and petrol are rationed at all in New Zealand. Judged by the test of prices, it would seem foolish to speak of inflation as even a remote possibility in New Zealand. But this view would be superficial. Average wage rates have risen in the same period by some 20 per cent. and earnings (reckoning overtime) by a good deal more. A potentially inflationary situation therefore exists; a small breach in the dam which the Government holds against higher prices and wages could cause an inundation, and unceasing effort is necessary to close any gaps which appear. In fact, the condition attached to stability, as to liberty, is eternal vigilance.

5. Unbiased observers would probably agree that during 1947 the militant left-wing extremists in the Labour movement in New Zealand won more skirmishes than they lost. Recurrent strikes or go-slow movements occurred on the waterfront, in the coalmines, in the freezing works, among seamen and in other industries. The vast majority of workers were by no means discontented; the unceasing pressure to get more money for less work came from a noisy minority which had entrenched itself deeply in the organisation of the trade unions. Broadly speaking, the Government preserved industrial peace by going more than half-way to meet the demands with which it was inundated, and a general rise in wages of 10/- a week for all workers was conceded through the machinery of compulsory arbitration. One partial success in a narrow field against the extremists was recorded in Mr. Costar's despatch No. 280 of 21st October, where he described the limitation of the practice of "spelling" under which waterside workers previously rested for one hour out of every two for which they were paid.

The Government also looked at one time as if they were going to make a determined effort to fight back. They proposed to defeat the militant minority in the unions through a requirement that strike decisions should only be made after secret ballots and not as hitherto by a show of hands. In the end, however, the Government pulled its punches and the measure, as enacted, lacked teeth.

6. It is not surprising, therefore, that the amount of industrial unrest has increased. The measure of this unrest is the number of working men-days lost because of disputes. In 1946 New Zealand had a better record in this respect than the United Kingdom. But in 1947 one man-day's work was lost by disputes in New Zealand for every 1,320 men-days worked in industry (excluding agriculture), whilst in roughly the same period in the United Kingdom one man-day's work was only lost for about every 1,775 men-days worked in industry (excluding agriculture, horticulture and fishing). Moreover, although comparable figures are not yet available, it is clear that the number of disputes in New Zealand has increased since the end of last year; every week brings forth a new crop of go-slow movements or strikes or disputes upon flimsy and fabricated issues.

7. Now a new endeavour is being made to clip the wings of the disaffected minority. It takes the form of an attempt on the part of the trade unions themselves to put their own house in order and to terminate the state of affairs under which a persistent and highly organised but numerically small element in the Labour movement can, by a process of attrition and intimidation, impose its will upon the large but relatively apathetic body of moderate opinion. The reason for the success which has attended the efforts of the minority in the past is to be found, at any rate partly, in the constitutional arrangements of the trade union movement. Briefly, the chain of representation and of authority between the local branches of individual unions on the one hand and the comprehensive and national Federation of Labour on the other has been organised on a geographical basis. Such an arrangement plays into the hands of the energetic and militant unions, who manage to secure in the National Council of the Federation of Labour a number of seats greater than their numerical strength would warrant. A proposal is to be tabled

at the Annual Conference of the Federation in Dunedin in April to change these arrangements and to organise the system of representation by industries instead of by areas. The moderate unions would thus be able to out-vote the militant watersiders, carpenters, freezing workers, &c., in the national organisation. A note is enclosed, Annex I,⁽¹⁾ explaining the technicalities of the matter and the issues involved.

8. Four major industrial disputes are taking place at the moment. The carpenters are going slow because the last award by the Court of Arbitration of an increase in the hourly rate of pay did not preserve existing differentials in wage rates between certain sections of the trade; the Auckland waterside workers have refused to work overtime because of arguments about the condition of two ships; work on the Government's three major Waikato hydro-electric development schemes (including Maraetai) has stopped because of the transfer of one trouble-making employee; and the Cook Islands waterfront has come to a standstill over a dispute between two rival labour organisations. As a result of these disputes, the building drive has slowed down, constructional work on the highly important electrification schemes in the centre of the North Island has come to a standstill, and the turn-round of ships (including vessels carrying food for the United Kingdom) has been greatly delayed. The pretexts behind most of these disputes are slender; the course of each of them to date is described in Annex II.⁽¹⁾

9. Most observers think that these disputes are to be regarded as manoeuvres designed to influence the decisions to be taken on the constitutional issue at the Annual Conference of the Federation of Labour next month. On this view, the militant unions are thought to be demonstrating their strength in the hope of deterring the moderate elements in the Federation from proceeding with the plan to shift the balance of power inside that body. More imaginative opinion sees the disputes as part of a world-wide Communist drive to disrupt conditions generally in democratic countries. On either view, the issues are important. One indication of this importance is the fact that the Prime Minister has himself been occupied in trying to settle the disputes to the almost complete exclusion of all other

⁽¹⁾ Not printed.

work. His hand has been strengthened by recent developments in Europe, for the tragedy of Czechoslovakia has not been altogether lost on the public of New Zealand. The Prime Minister has on two occasions publicly denounced communism and Communist tactics in no uncertain terms and has sternly rebuked the extremists in the trades unions in New Zealand and exposed their wrecking tactics. It is an ill wind that blows no one any good: and the deplorable events in Czechoslovakia have served in an arresting fashion to underline the threat of communism to the Labour movement and to give Mr. Fraser an opportune peg on which to hang his admonitions. Whether for this or other reasons, the tide appears to have turned against the extremists in the last ten days or so; although the miners on the West Coast have supported the carpenters, and demonstrations of solidarity between the waterside workers and the carpenters have taken place, the Wellington Trades Council and eight Christchurch unions (including branches of the important Seamen's and Freezing Workers' Unions), as well as the workers in the railway workshops (the largest industrial undertakings in the country) have all recently refused to support the carpenters' go-slow.

10. Had the New Zealand Parliament been sitting at present, this industrial turmoil would no doubt have been reflected in acrimonious debates in the House of Representatives. Apart, however, from a call to the Government by Mr. Holland, the Leader of the Opposition, to pass legislation to check subversive activities, the only statement on party political lines has been one in which he said that the Government had created the difficulties for themselves by their weakness and capitulations in previous disputes, referred to the climb-down of the Government on the issue of the secret ballot, and pointed out the contrast between the "Aid for Britain" movement on the one hand, and on the other, the reduction

of hours in New Zealand coal-mines whilst coal was being imported from the United Kingdom. These remarks drew no more comment from the Prime Minister than "such twittering and pecking criticism was really of no account."

11. When the curtain rises at the conclave in Dunedin next month after this overture of disputes, the Federation of Labour may reach one of three decisions. It may fall in with its own National Council and reject the new draft constitution; in this event, further industrial unrest and inflationary pressure is likely to develop and the Labour Government's chances of winning the next election will probably deteriorate. Or, the Federation may overrule its own National Council and adopt the new constitution, in which case the chances of preserving industrial peace will be much improved, though there are rumours that in this event the militant unions may break away from the Federation. Thirdly, the Federation may refuse to grasp the nettle and may postpone or defer a decision, in which case the process of manoeuvring for position and the consequent industrial disturbances will probably be prolonged.

12. I have concentrated in this despatch on present-day developments in New Zealand as they affect the question whether full employment can be accompanied by stability of wages. The other question to which I have referred, namely, whether full employment has led in New Zealand to a reduction in output-per-man and in effort must form the subject of a separate despatch.

13. I am sending copies of this despatch to the other six United Kingdom High Commissioners in the Dominions, to the United Kingdom Representative in Dublin and to the Governor and High Commissioner at Suva.

I have, &c.

A. W. SNELLING.

CHAPTER V.—SOUTH AFRICA

C.R.O. ref. : G 2120/3

No. 24

F.O. ref. : W 948/534/68

HIGH COMMISSIONER'S VISIT TO THE ORANGE FREE STATE

Sir E. Baring to Mr. Noel-Baker. (Received in Commonwealth Relations Office 2nd February)

(No. 18) Cape Town,
Sir, 28th January, 1948

I have the honour to inform you that during December I visited the Orange Free State. At Bloemfontein I stayed with Dr. Steyn, Minister of Labour, and with the Administrator, Dr. Barnard. I visited the new goldfields, Kroonstad, the second town, and Winburg, the oldest town in the Orange Free State, also several farms. I addressed the Bloemfontein Chamber of Commerce, the Kroonstad Town Council and the Bloemfontein branch of the Victoria League.

2. In recent years the process of industrialisation in South Africa outside the Orange Free State has been fast and the drift to the towns of both Europeans and Africans has been great. The conditions of life in the Orange Free State will change as the new goldfields in the north-west develop. But as yet the Province is predominantly rural and its people preserve the outlook and follow the way of life of the burgers of the days of the three well-known Presidents Brand, Reitz and Steyn.

3. In the three other Provinces two distinct though slow movements of opinion may be discerned. One is towards a Native policy more liberal than that of the past, and the other, to quote the words used by General Smuts when speaking of the Royal Visit, towards a more "gentle spirit" in relations between the two sections of South Africans of European descent. Each has its origin in the mixed communities of the big towns; and the Free State has escaped both. It is, therefore, a reasonable inference that the cause is the rural character of the Free State.

4. I have suggested that, in any attempt to discuss the nature of relations in the future between English and Afrikaans-speaking South Africans, a balance must be struck between certain influences drawing the two sections together and certain other influences drawing them apart. Notable among the first are the increases in the urban population, in the size of mixed communities, in the number of mixed marriages, and, less fortunately, in the growth among

many white South Africans of both sections of a feeling that a common effort must be made to preserve white supremacy. Outstanding among the second set of influences is the effect on Afrikaans-speaking youth of the hold obtained on the teaching profession and the Dutch Reformed Church by the leaders of the Broederbond. It is in these two professions that the infiltration tactics of the Executive Committee of that small but influential secret society have been most successfully exploited, particularly in the Transvaal and the Orange Free State.

5. The Free State is as yet rural. It has accordingly escaped the favourable influence of the growth of mixed urban communities on relations between English- and Afrikaans-speaking people. On the other hand it is a great centre of Broederbond activity, and its young men and women are in the full blast of propaganda poured out from the pulpit, from the teacher's chair and from the desks of the officials of the Province's Education Department.

6. The United Party minority is considerable. All the same, the Orange Free State has returned only one United Party member to Parliament and only four of the twenty-five members of the Provincial Council support the present Government. The Administrator nominated by the Government presides therefore over an entirely Nationalist Executive Committee. The United Party might regain one other Parliamentary and two other Provincial seats, but more probably there will be no change at the next election. The present Nationalist Mayor of Bloemfontein, Dr. Benade, is an agreeable man with pleasant manners and a good command of English. He will attempt to oust Dr. Steyn, Minister of Labour and son of the last President of the Republic, from Bloemfontein South. With this end in view he is busy angling for the "wobbly English-speaking vote." United Party Afrikaners in the Free State are far less easy-going; they are mostly of strong character, very tough and supporters of the view, expressed to me by the Administrator, that a man who puts the worst

interpretation on all actions of the Nationalists will seldom be far wrong.

7. When I visited Bloemfontein two years ago I only met one Nationalist, and I met him by chance. This time, however, the Mayor gave a cocktail party for me, and the members of the Executive Committee as well as the editor of *Die Volksblad* attended another party given by the Administrator. Election time is approaching and at the second party the atmosphere was tense. On the other hand both the Mayor and the editor went out of their way to assure me that they feel no hostility towards the United Kingdom. But I have little doubt that these statements will have no effect on the speeches of the one or on the articles of the other. After a short conversation in Afrikaans both were prepared to speak quite frankly. Each followed the line taken by Professor du Plessis of Potchefstroom University, whom I have seen once or twice in Pretoria and who was an active member of the Executive Committee of the Broederbond. This was that conditions had changed, that South Africa was insecure (the Mayor had given Field-Marshal Montgomery an almost enthusiastic welcome), that no one seriously believed that Britain now menaced South African independence and finally that on questions of defence and resistance to "Communist propaganda" we should co-operate.

8. One conclusion is, I suggest, that there are Nationalists who doubt the wisdom of the traditional policy of the party. A second is that these doubts have not yet greatly affected public speeches or published articles. A third is that, at any rate in the Orange Free State, the Nationalists are determined to create a South African republic dominated permanently by those who agree with them. They may wish to co-operate with us in matters of defence and external policy; but they remain opposed to British influence on South African life. They may feel less bitter towards the United Kingdom, but the bitterness towards United Party Afrikaners in the Orange Free State has, if anything, increased.

9. The survival of bitterness in the Orange Free State gives perhaps cause for remark rather than for surprise. The tempo of life in the Orange Free State is slow, provincial feeling is strong and memories are very long. Driving through the country the Administrator would point out scenes of events in the past, usually of the Boer War or of the Great Trek. Here

were the wooded banks of a stream where his brother hid from British cavalry patrols while escaping from a concentration camp to join the commandos. There was a kopje where a German companion of the original trekkers was killed by a lion. Dr. Steyn, the Minister of Labour and son of the last President, took me to see the impressive monument to the women and children who died in our concentration camps. His father lies buried at its foot. The monument takes the form of a very high obelisk of good proportions with a simple inscription of some words of sympathy for the 26,000 women and children who died. As a monument it is very superior to the shapeless pile erected above Pretoria in commemoration of the centenary of the Great Trek; it is the ideal site for speeches appealing to emotion, to nostalgic feelings for the spacious pastoral life of the old republic and to love of the land.

10. I have drawn attention elsewhere to the increase among South Africans generally in liberal feelings on questions of colour. But I have also suggested that two classes of South Africans, the farmers and, to a lesser extent, the organised manual workers, have not as yet been greatly affected. A further and a territorial exception should be made. The Orange Free State has been scarcely touched by the new movement.

11. No great population of "urbanised" Africans has as yet grown up in the Orange Free State. There are only two Scheduled Areas (Reserves) in the Province. An unusually high proportion of Africans live on farms. The African population is 660,000, the European 201,000.

12. The attitude towards Africans may perhaps be described by three illustrations.

First, the African is invariably described as a Kaffir and it is usually said that he is "too cheeky."

Secondly, it is a common boast, repeated vividly to me by one of the leading farmers near Winburg, that the Free State is the only true "white man's country" in the Union. The proportion of Africans is not unduly high and, thanks to President Brand, Indians may not live or work in the Province "except as waiters."

Thirdly, this view of the Native is shared by some of the best Free Staters. Dr. Barnard, the Administrator, is a very fine type of man. His earliest memories are of a British concentration camp. He

completed his education in Holland. He was later a professor of history at Bloemfontein University. Yet his son is in the Royal Navy and he is one of our most fearless champions. His whole life has been an acceptance of conclusions reached by reason and imaginative thought and a rejection of the promptings of emotion and thoughtless fear. Yet his views on Native affairs are harsh and, indeed, inconsistent. He is fiercely opposed to the construction of married quarters for Africans at the new mines on the ground that the number of Africans permanently resident elsewhere than in reserves or on farms must be strictly limited. He hopes that the African population of the Union will be predominantly rural. But while he wills the end he does not will the means, since at the same time he deplors the purchase for settlement by Africans of farms in the Released Area near the old Orange Free State Native Reserve of Thabanchu.

13. Owing to the absence of industrial growth the results of the persistence of this attitude have not as yet been very bad. There are favourable features. First, by strict control of the entry of Africans into municipal areas extreme overcrowding has been avoided in most locations. At Kroonstad, in the northern Free State, there are 13,000 Africans and 10,000 are housed in the location. At Germiston on the Rand only half the African population is in the location.

Secondly, the "black belt" problem, that is, the growth of unorganised settlements of Africans just outside the municipal boundary, troubles the local authority at Johannesburg, Port Elizabeth and Durban. In the Orange Free State it is unknown since not more than five families are permitted by law to reside on any one farm.

Thirdly, in the crowded urban locations and settlements of the Rand the need for education is so great that any church may construct a school, and now there is a multiplicity of denominations. In the Bloemfontein and Kroonstad locations all except the Roman Catholics combine in the United Bantu schools. Kroonstad school, with 1,900 pupils and giving education up to matriculation, is one of the largest secondary schools in the country and the only one in the northern Free State.

14. The European Trade Unions in the Orange Free State appear to be less strict than those in the Transvaal. In both the

Bloemfontein and Kroonstad locations Africans build their own houses, the Municipality having scrutinised the plans and provided materials. In Kroonstad a few houses of the more expensive type are actually being built for the Town Council by a Native contractor who employs Native bricklayers. The Kroonstad location is far from perfect, but the Town Council have obviously taken some trouble. A market has been built and a really good crèche provided up to the standards of Port Elizabeth, the model municipality as regards Africans. A crèche is a most necessary building in these days when both parents often go out to work.

15. The Orange Free State is already changing. The days of the old extensive farming on farms ranging from 3,000 to 10,000 morgen (2 acres to 1 morgen) are over. Farms are split between the children or, if they become too small for this, sold and the children given an opportunity to bid. Now many farms are as small as 250 morgen. In the past wheat farming was confined to the fertile east: now it has spread to the more sandy west. At the moment it is possible to see Natives reaping with a sickle in one field while in the next field a combine is cutting and threshing the corn. The use of American combines has spread greatly. I was, however, glad to hear high praise on three occasions of the first deliveries of the Ferguson tractor sold by the Standard Motor Company.

The Free State Mines

16. Odendaalsrust is a small town in a dead-flat sandy plain, the skyline broken by one small hill named "Kopje alleen." The town is very small and the buildings very old. Its appearance is fantastic, for among the old houses of wood and rusty corrugated iron new reinforced concrete buildings are being constructed. Scattered among the crops and the sheep all round are the headgears of the new shafts and boring machinery.

17. Great activity has been shown. A single-track railway has already been built to Odendaalsrust. The road has no tarmac surface but is passable. Current is now being made by the mining companies. They will presently obtain it from the Victoria Falls Power Company at Vereeniging and use the engines already installed as "stand-bys." Later electricity will be provided by the State-owned Corporation Escom (which in any case is

about to take over the Victoria Falls Power Company) from a new power station to be built just north of the Orange Free State goldfields at Vierfontein on a deposit of low-grade coal. Water, as always in South Africa, is the main trouble. Eventually it will be brought from the Vaal Dam. But this will not be for another two and a half years, and in the meantime the mining companies must depend on bore-holes. One company has already sunk 70 with varying success.

18. The companies have obtained much material from old mines on the central Rand. They have already built many European houses, a number of compounds and, to their credit, the central block of more than one hospital.

19. Accompanied by the Administrator, I visited the main properties. They may be classified as follows:—

(1) St. Helena, the most southerly property managed by Union Corporation and owned partly by them and partly by the Anglo-American Corporation. (The Anglo-American and its Chairman, Sir Ernest Oppenheimer, have an important interest in all the Orange Free State properties.) Here one vertical and one inclined shaft are being sunk. The reef is at a comparatively small depth. It should be reached at 1,800 feet but will probably be far from typical, either in grade or in conformation, of the other properties. Two further shafts will probably be sunk later.

(2) Welkom—managed by the Anglo-American Corporation. Here one shaft is being sunk and the reef is probably 3,000 feet deep.

(3) Freddie's North and South Lease Areas; round the town of Odenaalsrust and north of the other properties. At present four shafts are being sunk and there will be two mines. It is expected that the reef will be reached at 5,000 feet after four years' work, that is, towards the end of 1951.

(4) No shafts have yet been sunk in the Blinkpoort and Western Holdings areas, which lie between Freddie's and St. Helena. In the first of these the bore-hole results were of particularly high grade.

20. The first stage is the sinking of the shaft. The second, the making of drives

outwards from the point reached by the shaft in order to prove the reef. The third is the construction of a reduction plant to treat the ore. Clearly the decision to build the reduction plant should not be taken until the shaft has been sunk, the drives dug and the reefs proved. In point of fact, however, orders for reduction plant and heavy electrical machinery will probably be placed by Freddie's by 1950 in anticipation of the proving of the reef. Winding machinery is already on order.

21. A rough estimate is that each mine (that is, each two shafts) of Freddie's will cost £3,000,000 during the pre-decision stage, that is, up to the moment when it is decided to erect a reduction plant. Existing shareholders will, once that decision is made, be able to exercise options to subscribe a further £2,000,000. This gives a capital expenditure in the early stages of £5,000,000 per mine, and, if eleven mines are sunk in the new Orange Free State area (all of which will not be so deep as those of Freddie's), then total capital in the areas might, according to the roughest of estimates, amount to some £40,000,000.

22. A most contentious question is that of the erection of married quarters for Africans. Many people have attacked the migratory labour system. Few have seriously contended that the Chamber of Mines should erect married quarters on a large scale at all its existing mines. The serious contention has been in respect of the new mines, for which a long life may reasonably be anticipated and which are in an area where there is space.

23. All mine managements erect some married quarters for African clerks and for the top class of African employee. But the general contention of those in the industry is that fewer than 2 per cent. of African employees require quarters of this nature and that children brought up in them do not enter the mining industry, the second contention being undoubtedly true.

24. Sir Ernest Oppenheimer has, however, given public expression to views in favour of the construction of a higher proportion of married quarters. Mr. Rheinallt Jones, the well-known South African Liberal and former Senator elected by Transvaal Africans, has joined the staff of the Anglo-American Corporation to assist the execution of this project. At Welkom, one of Sir Ernest's properties, the accommodation for some 6 per cent. of African employees is, according to the manager of a neighbouring property, to be in the nature of family quarters. Freddie's are working

on a 4 per cent. basis. They will build 200 houses for married Africans at each shaft. The houses I saw at one of Freddie's shafts were expensive compared with the married quarters at the Belgian copper mines or at Turner and Newall's asbestos mine near Shabani, in Southern Rhodesia, the two existing examples of a "stabilised mine labour" policy. Each cost £750 all-in. In other words, they compare with houses built by the Johannesburg City Council for the best paid class of African and would not be suitable for the mass of ordinary African miners. In brief, there is as yet little sign that any striking change will occur. Yet I am informed that Sir Ernest says that he will persist with the implementation of his idea.

25. Work is beginning on the new shafts. All over the flat plain the headgear of shafts or of water-boring machines may be seen. In the shaft the master sinker operates his own gang of Africans. These master sinkers are usually strong characters, working on contract for a company, recruiting, paying and controlling their own Africans. These are the shock workers of the mining industry. They stand in water most of the day and their calling demands great physical stamina. They earn from £9 per month upwards, all found, and usually go home for a spell after five months' work. Nearly all are Basuto and most come from the mountain villages. The face of the country is being changed. Owing to the exigencies of mining, the hopes of creating round Odendaalsrust the first carefully planned "region" with development in concentric circles from the centre of the town may well be defeated. Hopes of an immediate and striking move away from migratory and towards stabilised labour also appear as yet far from accomplishment. The changes may not be ideal, but they are great. The farmers will soon trek away; but the land is too sandy for good arable farming. The old and hideous little town of corrugated iron and boards will become a new and equally hideous town of reinforced concrete. The mineral boring machines are already feeling their way so far to the south that the value of property has risen sharply in Bloemfontein.

Conclusions

26.—(1) There will be no certainty concerning the existence of sufficient ore to

support, say, eleven mines in the Orange Free State until, at the earliest, the end of 1952. Production in the more important mines will not start before 1953.

(2) Results obtained in the meantime at shallower levels may well not be repeated at the deeper levels.

(3) On the other hand, the work now in hand was undertaken following the most thorough and extensive examination of bore-hole results known in South African history. Leading Johannesburg firms with great experience and enjoying the most expert advice have risked great sums of money.

(4) The reef may extend in a curve south and south-west of Odendaalsrust. Bore-holes are already being sunk in this direction, though results have not yet been obtained and nothing has been published. It is also just possible that the reef in the new area, which dips from west to east, may at some more easterly point again be found at a sufficiently shallow depth for mining to become possible. Boreholes are being sunk east of Odendaalsrust. It is very unlikely, indeed, that anything will be found west of Odendaalsrust.

(5) Great progress has already been made. Development work will, unless results after the main shafts have been sunk are bad, continue for many years. Water is the most serious problem.

(6) The way of the reformer who advocates the construction of married quarters for a proportion of ordinary African workers as distinct from a few clerical workers and boss boys will be hard. Most mining men, both directors and officials, and most Orange Free State residents oppose the idea. The first oppose from conservatism, a desire for economy in new mines where running costs will be high and a view, based to some extent on experience, that once an African has brought his family away from the reserve he seldom chooses mine work. The second express the same view from a strong desire to avoid the growth in the Orange Free State of large "stabilised" African communities.

(7) Running costs will be high owing to the fact that as compared with the Rand the overlying rock is a poor conductor of heat. The estimate is that at 5,000 feet in the Orange Free State the heat will be the same as it is at 8,000 feet on the Rand.

I have, &c.

E. BARING,

High Commissioner.

C.R.O. ref.: G. 2110/5
F.O. ref.: W 2245/534/68

No. 25

POLITICAL SITUATION IN SOUTH AFRICA

Prospects at the coming General Elections

Sir E. Baring to Sir E. Machtig. (Received in Commonwealth Relations Office, 30th March)

(No. P/29. Confidential) Cape Town,
My dear Machtig, 22nd March, 1948

In my letter to you No. F/76 of 6th May, 1947, I gave a depressing account of South African politics. The Nationalists at that time had launched a vigorous campaign with a dual purpose. They had sought to concentrate the country's attention on the personality of Mr. Hofmeyr and on the dangers attendant on the adoption of his liberal policy in matters of Colour. They had also exploited to the full those feelings of exasperation with the slowness of change from wartime restrictions to peacetime economy which were felt by South Africans as well as by other peoples. Many South Africans in May 1947 were smarting under the, to them, surprising and undeserved strictures passed on their country by speakers at the 1946 meeting of the United Nations Assembly and under the implied censure in the resolution of that Assembly on the subject of the treatment of South African Indians. Many, too, were tired of a Government which had been in power since 1939; were irritated by shortages and were exasperated by the operation of the not very extensive but also not very efficient control system. Among these people the Nationalists had made progress. It was, as I pointed out, certain that their campaign had attained a measure of success in the countryside and possible that they had also gained adherents in the towns.

2. Nearly a year has passed and the situation has changed. More is now known about the political views held by town dwellers and confidence has returned to the United Party. For this there are several reasons.

3. In the first place the Nationalists apparently firmly believed that General Smuts intended to go to the country very soon after the conclusion of the Royal Visit. Hence the repeated statements in Nationalist newspapers that Their Majesties' visit was being exploited for the purpose of catching votes. With this belief in their minds the leaders of the Opposition dared not wait. They accord-

ingly showed their hand and at the end of 1946 launched their campaign in its full strength. In the event a year has passed without a General Election and the effectiveness of the campaign, considerable in its early months, is now apparently gradually decreasing. The following are, I think, the causes:—

(1) The Nationalists are still unable to produce agreed constructive suggestions of their own on Native policy. They attack Mr. Hofmeyr's views, but Dr. Malan admitted in the House this Session that his party's proposals would only be disclosed immediately before the date of the General Election.

(2) The 1947 meeting of the United Nations Assembly produced no dire results for South Africa. The Union Government's comparative success has perhaps been exaggerated, but all the same General Smuts has, in the eyes of the general public, regained his prestige as a powerful international figure.

(3) Rantings on the colour question not supported by precise proposals have, with the lapse of months, become stale. Before the 1929 General Election a similar colour campaign succeeded, and that campaign and the present one have points in common since both appealed to the emotions and to prejudice. Nationalist success in 1929 was, however, in a snap campaign. The "Black Manifesto" on the danger of the continued enrolment of increasing numbers of Cape Province Natives on a common roll was published only a short time before the 1929 polling day. By contrast the campaign of 1947-48 seems to be failing, since too much time has been allowed to the United Party to ask questions and to make counter-statements.

4. An illustration of the waning force of the attack on the Government's Native policy is provided by the fate of Dr. Malan's resolution on this question at the beginning of the present Session. No doubt the intention was that this resolution should mark an important stage in the Party's progress down the particular road chosen by him. When the moment came,

however, Dr. Malan delivered a harsh and mechanical recitation and was heard by listless members on both sides of the House. General Smuts had no difficulty in rebutting most of his accusations, in explaining the contradiction between Malan's present ideas and those of General Hertzog in 1936, and in exposing the inconsistency between Nationalist refusal to contemplate any family life for Africans in towns and Nationalist enthusiasm for the growth of South African industries. In brief, the Prime Minister destroyed a weak Opposition case without himself making any promises of new concessions to African opinion.

5. *Secondly*, South Africa has prospered during 1947. In a country of growing production and rising employment most demobilised ex-servicemen have found work. Shortages and controls are gradually disappearing. The country's prosperity becomes all the more striking when it is related to the growing volume of accounts of short commons in the United Kingdom and of distress in Central Europe.

6. *Thirdly*, the prospect of great insecurity and the fear of war turns the mind of the average voter towards the leader he believes to be an international statesman, towards the man whose confidence in Allied victory never waned during the recent war. Equally it turns his thoughts away from the other leader who is the High Priest of the isolationist creed and who in the dark days of 1940 was so conspicuously false a prophet. The point is well illustrated by the embarrassment felt by Nationalist writers who to-day discuss international affairs. If they paint too dark a picture then they may turn their readers towards "the pilot who weathered the storm." On the other hand, if the picture is too bright it will not please Nationalists who are intensely anti-Russian and for whom a Communist is a man preaching equality of all races.

7. Political events during the last twelve months in the cities show these three tendencies at work. Late last year there were two Parliamentary by-elections on the Rand. In one no Labour candidate opposed the United Party's nominee; in the other (the constituency of Mr. Madeley, former leader of the Labour Party) the United Party did not oppose Dr. Osborn of the South African Labour Party. The United Party and Labour Party candidates gained comparatively easy victories. In October last year the results of the

municipal elections were very favourable for the United Party. The Nationalists lost control of the Brakpan Town Council, the only local authority on the Rand in which they had a majority. In Johannesburg the United Party made a clean sweep and the defeated Labour Party candidates included Mr. Colin Legum, the Party's leader in Johannesburg. The results of a country-wide campaign by the United Party were also far from depressing. Apathy is usually the besetting sin of the party's supporters, but their defeat a year ago in the Parliamentary by-election at Hottentots Holland seems to have galvanised them into activity.

8. Feeling that the tide was running in his favour, General Smuts has hastened the preparation of electoral rolls based on the new delimitation, has shortened the Session and has announced that a General Election will be held late in May or early in June.

9. Several reasons explain the Prime Minister's unwillingness to wait until September. They are perhaps the following:—

(1) He has concluded an electoral arrangement with the Labour Party; in eight constituencies the United Party will not oppose their nominees. There is little doubt that the United Party could, if they wished, eliminate the Labour Party from Parliament. They are unwilling to do so and are anxious to come to terms because—

(a) in three-cornered contests the Nationalists would probably gain several seats on the Rand and in other urban centres; and

(b) the elimination of the Labour Party from Parliament would weaken its position with the trade unions and would consequently strengthen that of the more extreme elements of Nationalist South Africans in the Trade Union movement. These elements are already strong among the European mine workers, 90 per cent. of whom are Afrikaans-speaking. Indeed it was these same followers of the Ossewa Brandwag and the New Order who organised a European mine-workers' strike in 1947. A further result of the loss by the Labour Party of its present position in Parliament, less probable but, should it occur, very damaging to the United Party, might possibly be a repetition of the historic

alliance of the 1920's between the Nationalists and the Labour Parties.

(2) General Smuts believes that the present critical international situation induces an attitude of mind among voters favourable to him and to his party: that situation may change.

(3) Some event outside the control of the Union Government might affect the present economic prosperity of South Africa.

(4) After several years during which rainfall has been below the average, the Transvaal and the Free State have had excellent rains and the farmers are in a good humour.

10. United Party supporters have high hopes. Of this there can be no doubt. General Smuts himself, on return from a recent tour, told me that he had found his supporters "confident, perhaps too confident." They rely, as always, on the widespread distrust of the Nationalist Party outside the ranks of its regular supporters, a distrust so strong that even the Communist newspaper named *The Guardian* has urged its readers to exercise their votes and to support United Party candidates as the lesser of two evils. They have made their electoral arrangement with the Labour Party. They assume that the miscellaneous groups (Colonel Stallard and the South African Party—that it, the re-named Dominion Party—the Reverend Miles Cadman and the Centre Group) will be eliminated. This last is probably a correct assumption, but it cannot be accepted with absolute certainty. The groups will seek for votes in Natal and in the Eastern (Cape) Province, and the Nationalists will support them as strongly as they can. The people of Natal are affected by sudden waves of feeling which sometimes surprise the Government of the day. The growth of the Dominion Party was an example. The *Natal Mercury* of Durban has recently attacked the Government for, among other things, the postponement of the Budget.

11. With this arrangement with Labour and on this assumption concerning the splinter parties, some shrewd judges of election chances in the United Party (e.g., Dr. Steyn and Mr. Barlow) hope to obtain a majority over the Nationalist and Labour Parties combined of 18 to 22 seats.

12. Dr. Bremer, the much respected Nationalist member for Stellenbosch, recently admitted to me that his party had mismanaged their election campaign, and indeed it is clear that members of the Opposition are less sanguine than are those of the United Party. Their views may perhaps be summarised as follows:—

(1) Before polling day it is possible that something will turn up to the benefit of the Nationalist Party and then the result of the election will be a stalemate.

(2) If these Micawber-like hopes are not fulfilled then the Nationalists may well return some sixty members or more and reduce the majority over all parties held by the United Party to less than ten.

(3) Finally, during the life of the next Parliament the country will probably suffer an economic setback and then will come the chance of a Nationalist Party, of a party which has always placed South Africa first and never frittered away its efforts on meddling in international affairs.

13. I have written this letter to describe to you the change of opinion during the last year, the confident mood of the United Party and the less cheerful mood of the Nationalists. But for all this it is difficult to assess truly the chances of a political party on the eve of a South African General Election. The Nationalists have many enthusiastic followers, their internal bickerings—most noticeable when seats were allocated between Dr. Malan's followers and the Afrikaner Party—will not prevent them from presenting a united front, they are experienced election tacticians and in brief are a most formidable force.

Yours sincerely,

E. BARING.

C.R.O. ref.: G 2110/15
F.O. ref.: W 3385/534/68

No. 26

GENERAL ELECTION IN THE UNION OF SOUTH AFRICA

The Political Parties

Sir E. Baring to Mr. Noel-Baker. (Received in Commonwealth Relations Office 13th May)

(No. 115)

Sir, Pretoria, 8th May, 1948.

I have the honour to enclose a memorandum, prepared by the Press Assistant, giving a brief outline of the histories and aims of the various political parties involved in the forthcoming General Election in this country.

2. I hope to send by the next mail a despatch giving an account of the progress of the electoral campaign.

3. I am sending copies of this despatch to the United Kingdom High Commissioners in the other Dominions and to the United Kingdom Representative in Dublin.

I have, &c.

E. BARING,

High Commissioner.

Enclosure in No. 26

Memorandum on South African Parties

(a) Government and pro-Government

The United Party.—When Parliament was dissolved, the United Party which forms the present Government had 89 out of 153 members (including the 3 Natives' Representatives) in the House of Assembly, and 24 out of 44 (including 4 Natives' Representatives) in the Senate. The Party is led by General Smuts.

It has frequently been observed that the United Party is far from being united, and it is indeed almost impossible to show by its principles why its members stick together. The Party is the successor to General Botha's South African Party. In 1933, during an economic crisis resulting from the refusal of the Nationalist Government to follow the United Kingdom in devaluing the pound, General Smuts, then leader of the S.A.P., agreed to serve in a coalition government under General Hertzog, the leader of the Nationalist Party, and in 1934 a subsequent fusion of the two parties (accompanied by secessions on both sides) produced the "United National South African Party", commonly known as the United Party. On many major issues, including the question of

secession from the Commonwealth, the Party was deeply divided, and when war broke out in 1939, General Hertzog moved a neutrality motion. An amendment by General Smuts that the Union should go to war with Germany was carried, and General Hertzog resigned from the Government. General Smuts then became Prime Minister and leader of the United Party which consisted mainly of his own followers, and a minority of General Hertzog's.

In view of the history of the party it is small wonder that its members appear to have more differences of opinion than views in common. Among its members there are English and Afrikaans-speaking South Africans, farmers and city-dwellers, trade unionists and financiers. During the war the Party was united on the war issue and in loyalty to the Prime Minister. The latter motive is still strongly operative, but perhaps the only particular principles on which the Party can be said today to be united, is the belief that the Union should remain within the Commonwealth and that the Afrikaans and English-speaking sections can work together in harmony and, perhaps, some day lose their identities in a common loyalty to South Africa. For the rest, the Party resembles one of the United States parties in being a mixture of divergent and often conflicting interests, held together, it often seems, by the dividends that any organised party can deliver in a democracy especially as long as it remains in power, and by a common dislike of the Nationalists. Views on native policy vary considerably. There are those, who like the Deputy Prime Minister, Mr. J. H. Hofmeyr, would be prepared to see natives represented by natives in Parliament and who interpret "guardianship" in a generous sense implying that the guardian should do more for his ward than merely maintain good discipline. There are others whose views do not differ appreciably from those of the Nationalists. The Party as a whole tries to steer a middle course, and would probably split if any attempt was made to define native policy in precise terms. In the United Party there

are Socialists, some of whom were once members of the Labour Party, and they are vigorous and aggressive champions of untrammelled private enterprise. There is also a division in the Party between town and yet to avoid civil strife, in fact, led to noticeable when questions relating to agriculture (*e.g.*, the marketing of food) are under discussion.

On the credit side of the Party's record since 1939 are the part played by the Union in the war, the Government's demobilisation scheme, and a number of social security measures. The Union's participation in the war proved to have the support of the country as a whole as was shown by General Smuts's victory in the General Election in 1943. South African troops were comparatively well paid and cared for, and it is greatly to General Smuts's credit that he was able to avoid civil strife within the Union when a portion of the population was bitterly opposed to South Africa's entry into the war. The ability of the Government to bring South Africa into the war, to keep it at Britain's side throughout and yet to avoid civil strife, in fact, led to growth in national pride and a rise in the prestige of the Government. In 1944 the Union's volunteers were promised one of the finest demobilisation schemes in the world, and to the surprise of many of the more cynically inclined, the Government's promises in this respect have been carried out. No one has been discharged from the forces unless he or she has a job to go to, and generous grants and loans have been given to ex-servicemen and women. The hopes of the more extreme advocates of social security have been disappointed, but the Government has begun a social security programme which includes allowances for old-age pensioners, blind and disabled persons and their children. Finally, on the credit side, there is the Government's non-European policy. To an outsider the Government's attitude towards the non-European population may appear to have been timid and vacillating, but the present state of public opinion in the Union necessitates a compromise, and it is an uneasy compromise on non-European affairs which the country has in fact been given. On the one hand the amount of money spent on non-European welfare has increased in recent years, while on the other hand the Government has been responsible for discriminatory legislation (*e.g.*, the Asiatic Land Tenure and Indian Representation Act).

On the debit side there is the Government's failure to deal adequately with a number of domestic problems which have arisen as a result of the war. Probably the most pressing of these at the moment is the rising cost of living. Despite price control the cost of living has risen by about 70% since 1939, according to a recent unofficial estimate, and it is difficult to believe that any measures which the Government may adopt now can have any appreciable effect before the General Election. Second only to the problem of the rising cost of living is that of housing. Government housing schemes for Europeans have not been conspicuously successful and the arrival of immigrants in the Union during the last year has aggravated the scarcity of accommodation. The housing problem for natives is even more serious than for Europeans; and the mass of urban natives with work in the towns but no houses is the most explosive element in the Union. The Government has been much criticised for general administrative incompetence: for example as a result of its hesitation over abortive food rationing scheme (here it had a case where it was overtaken by an improvement in the supply of food and would have been even more severely criticised than it was had it brought into force a rationing system at a time when this was no longer necessary). The handling of the Unemployment Insurance Act was less easily defensible.

The outstanding personality of the United Party is, of course, General Smuts himself. He is an admired and popular figure, credited with vision and foresight in international affairs, and great adroitness in party politics. South Africans generally are proud of his reputation. He does not interfere much in administration and shows only spasmodic interest in social and economic questions. In his own Party he is virtually a dictator, and members of the Cabinet are content to take their orders from him. Second to General Smuts, *longo intervallo*, comes Mr. Hofmeyr, the Deputy Prime Minister, a man of great sincerity, of courage, of outstanding intellectual and administrative ability, but with the reputation of being rather inhuman. He is certainly lacking in popular appeal and his critics say that he also lacks powers of leadership. His liberal views on native policy have won him the support of people who would like to see the natives given more political rights and social benefits, but on balance are as yet probably more of a

liability than an asset to the United Party. In the present election he is being used by the Nationalists as a scare-crow to the public, who are being told that in the event of a United Party victory he will take over the reins from General Smuts and drive the country down a road which will end in the destruction of white civilisation in South Africa.

With a view to avoiding three-cornered contests the United Party has concluded an election pact with—

The South African Labour Party, under which the two parties engaged to support one another's candidates within their mutually agreed spheres of influence. Under this agreement the Labour Party will contest 8 seats in the Rand and the Durban areas. The agreement is based on the common belief of both parties in the maintenance of South Africa's connection with the British Commonwealth and their common aversion from the racial policy of the Nationalists.

In the past, the South African Labour Party was almost exclusively concerned with the interests of European workers. The present tendency of the Party is to show more consciousness of its responsibilities towards the non-Europeans. Its existing differences and dissensions are largely due to the difficulty of reconciling these two points of view.

On the outbreak of war, the Labour Party, then led by the late Mr. Madeley, supported General Smuts and in the General Election of 1943 its parliamentary strength was increased from four to nine members. Though united on the war, these members were deeply divided on non-European issues, and in 1946 their differences were brought to a head by the Party's decision to support the provisions of the Asiatic Land Tenure and Indian Representation Act, which gave the Indians the right to elect three European Members of Parliament on a nominal roll. On the ground of "the danger to the white races of this thin end of the wedge of Indian penetration," Mr. Madeley severed his life-long connexion with the Party and founded a rival party called the United Labour Party with a non-European policy indistinguishable from that of the Nationalists. His defection was followed by that of two other members, one of whom joined the Nationalist Party, thus reducing the Parliamentary strength of the Labour Party to six.

On non-European questions, the policy of the Party, now led by Mr. Christie, approximates to that of the United Party. It considers that the non-European policy of the Nationalists constitutes a threat to racial peace. Its line on the industrial colour-bar is that this is in reality a cheap labour bar and it is prepared to allow non-Europeans to be trained and employed on skilled work only on condition that they should receive full rates of pay. Owing to the difficulty Africans find in becoming apprentices this is tantamount to refusing to admit them to skilled trades. Subject to this, it stands for "a planned economy to provide social security for all irrespective of race." On Commonwealth matters, its attitude, in the words of Mr. Christie, is that "it is more imperative than ever that South Africa be maintained as an integral force within the British Commonwealth of Nations" and that "a Nationalist victory would constitute a definite threat to this Commonwealth association and seriously endanger South Africa's security."

The Trade Union side of the Labour movement also is threatened with a split on the question whether native Trades Unions should be admitted to the Trades and Labour Council, the local equivalent of the T.U.C. (Native Trade Unions cannot be legally registered and though there are Indian and coloured members of registered Trade Unions, Africans are not admitted to membership). Those in favour have a majority on the present Council, largely representing the smaller unions, many of whom have come under Left-wing or Communist influence. They are opposed by the larger and more conservative Unions, such as the Mine Workers' and Typographical Unions, the former of which has given notice of resignation from the Council. There is little doubt that in a referendum of all Trade Unionists the point of view of the "conservatives" would prevail.

A further source of dissension in the Trades Union world is the attempt of extremist Nationalist or other Afrikaner elements to gain control of the movement, hitherto predominantly British in its character and leadership, for political purposes. These attempts have been particularly directed against the Mine Workers' Union and gave rise to the strikes of European mine workers in 1946 and 1947. So far, they have been thwarted by the combined efforts of the Government and the present Union leaders.

Left to itself, it is doubtful whether the Labour Party could win any seats, but by putting up candidates, it can split the anti-Nationalist vote in a number of constituencies, particularly on the Rand. For this reason and also to avoid the possibility of a disintegration of the Labour movement to the benefit of the extremist Nationalist and Communist elements, who are now engaged from opposite sides in "white-anting" the Trade Unions, the United Party have concluded the electoral pact with the Labour Party already referred to. The pact is being denounced by the Nationalists on the ground that General Smuts has thereby sold himself to the Communists, by whom they allege that the Labour Party is dominated, though, as General Smuts has pointed out, it was by a similar pact with the Labour Party that the Nationalists themselves secured power in 1924.

(b) Opposition

The Nationalist Party.—The Herenigde Nasionale Party (= Reunited National Party), familiarly known as the Nationalists, is the official Opposition and had 49 members in the House of Assembly and 9 in the Senate when the last Parliamentary session ended. The Party is led by Dr. D. F. Malan who entered Parliament in 1917 as the *protégé* of General Hertzog, advocating a republican policy. When in 1934 General Hertzog formed the United Party with General Smuts, Dr. Malan condemned fusion as serving capitalism and imperialism and together with about twenty followers he formed the official Opposition. At the outbreak of war the Party was considerably strengthened by the followers of General Hertzog who left the United Party to rejoin the Nationalists. Its position was further strengthened by the General Election of 1943 which, though a disastrous defeat for the anti-war parties, resulted in the elimination of the rival groups led by General Hertzog's former lieutenants, Mr. Havenga and Mr. Pirow, and left the Nationalist Party under Dr. Malan in sole possession of the opposition field.

The Nationalists are predominantly Afrikaans-speaking and the two main principles on which the Party is based are republicanism and maintenance by the white race of its dominant position in South Africa. Though the setting up of a South African republic has always been their goal, they have kept this aim in the background during the last two years.

Dr. Malan has stated that the General Election is to be fought on the colour issue, and in his opening election speech reaffirmed the assurance which he had already given that a republic would only be established when there was a clear majority for it in the country, and that a majority for the Nationalists in an election fought on other issues would not be regarded as a sufficient mandate; either an election on the particular issue or a referendum would be required.

The reason for relegating republicanism temporarily to second place is not hard to find. In the past the Nationalists have relied for support mainly upon the country districts where the population is predominantly Afrikaans-speaking. Now they realise that in order to get into power they will need some votes from the English speaking urban population. The "black bogey" is much more likely to prove a good bait than republicanism.

Apart from purely tactical considerations, it is possible that the attitude of a substantial section of the party has been genuinely modified by their concern at the apparent decline in the power of the United Kingdom and their fear of "Russian aggression and the communist danger." It is significant that the second of the "assurances" given by Dr. Malan in the speech already quoted was that in the event of a war with Russia the Nationalists would "not remain neutral or plead neutrality."

Nationalists are united in their desire to keep South Africa a white man's country and describe their native policy as "apartheid" (= separation). "Apartheid" has recently been defined by the Party as meaning:—

- (i) residential separation of races;
- (ii) native reserves to be regarded as the home of the natives who will be allowed to enter the towns only as temporary workers and unaccompanied by their families;
- (iii) the greatest possible degree of separation in factories, industries and workshops;
- (iv) abolition of (a) representation of Cape Province natives in the House of Assembly and (b) the Natives Representative Council; instead the natives to continue to elect four European Senators who, however, in the future would have no vote on (a) motions of confidence in the Government; (b) declarations of

- war; (c) changes in the political rights of non-Europeans;
- (v) repatriation of Indians if possible and no representation for them on any legislative body;
- (vi) abolition of franchise on the common roll for Cape Province coloureds who would instead elect to the House of Assembly three European representatives whose voting would be restricted as at (iv) above.

It is probable that there is a good deal of common ground between many members of the United Party and the Nationalists on colour problems, and the same may be said of other social and domestic problems. Like the United Party the Nationalists advocate nationalisation in certain things, private enterprise in others. In economic matters the influence of their anti-British feelings is displayed in attacks on the Government for persistently subordinating South Africa to British interests, as exemplified in the terms of the recent Gold Loan and the Government's failure to intervene effectively in the embargo on South African exports to British African Colonies &c.

Perhaps the unity of aim among Nationalist Members of Parliament is greater than it is among their United Party opponents, but quarrels regarding tactics and personalities are sharper. On the one hand the Cape Nationalists led by Dr. Malan realise the political expediency of conciliating the English-speaking section (including the Jews) and it was presumably their decision that the election should be fought on the colour issue rather than republicanism. The Transvaal (and Orange Free State) Nationalists on the other hand put their republican aims first and look with extreme disfavour on any overtures made by Dr. Malan to anti-republicans. Mr. Eric Louw, a Cape Nationalist, whose anti-semitic views are notorious, inclines to the Transvaal group of the Nationalist Party. (See also sections below on the Afrikaner Party and the Ossewa Brandwag.)

The Nationalist are handicapped not only by their republican aims but also by their war record. The opposed South Africa's entry into the war, hoped for a German victory and were openly hostile to members of the Union Defence Force. Since the war ended they have been trying

to repair the damage by championing the cause of ex-soldiers.

Behind the Nationalist Party, and indeed all sympathetic Afrikaner groups, is a secret Afrikaner organisation known as the Broederbond which works for Afrikaner domination in all spheres. Its membership is not large but the majority of "Broeders" hold key positions in the community. It has been alleged that practically all Afrikaner organisations are subservient to the Broederbond. It is difficult to estimate the power of the Bond but in 1944 it was banned for all Government servants.

The Dutch Reformed Churches form a further (and overlapping) group whose sentiments are strongly pro-Nationalist. In the 1936 census about half the total white population described themselves as adherents of one of the Dutch Reformed Churches. These are narrowly Calvinist and make little pretence of abstaining from politics where their aim is a "Christian National" republic. That is a republic in which Afrikaans-speaking people whose views accord with those of the Nationalist leaders will be permanently predominant. Many of the predikants have not hesitated to express views from the pulpits in support of Nationalist policy and during the war there were many stories that men in uniform had been refused entrance to Dutch Reformed Churches. These Churches support the Nationalist policy of "apartheid" and have comparatively few native adherents.

Partly with a view to forming a united opposition front, consisting of all good Afrikaners, and partly because it was thought that Mr. Havenga might prove a good decoy duck for the English-speaking voters, the Nationalist have concluded an election pact with—

The Afrikaner Party.—This Party was formed in 1941, when General Hertzog, then leader of the Nationalist Party, retired from politics. His followers broke away and formed the Afrikaner Party under Mr. Havenga, who had been Minister of Finance in General Hertzog's cabinet. In the 1943 election the Party failed to win a single seat.

To the outsider the Afrikaner Party is hardly more distinguishable from the Nationalist Party than Trotskyites from Stalinists and as so often is the case in the Union it depends largely for support on personal loyalties. Dr. Malan and Mr.

Havenga have reached an uneasy alliance with an eye to the General Election, but the Afrikaner Party is being permitted by the Nationalist Party to contest only about 12 seats. The Opposition hold only one of these seats at present—Ladybrand, in the Free State, which has been offered to Mr. Havenga. This alliance has been strained almost to breaking point by the intransigent attitude adopted by Dr. Malan to—

The Ossewa Brandwag.—This organisation, whose name means “ox-wagon sentinel” started in 1938 as a cultural movement to mark the centenary of the Great Trek. Descendants of the Voortrekkers, dressed in traditional costume, commemorated this event by travelling in ox-wagons from the Cape to the other provinces, covering the same routes as their Voortrekker ancestors. In the wave of emotion which overwhelmed a large section of the Afrikaner population, the movement became strongly political and Nazi in character. During the war the Ossewa Brandwag hoped for a German victory, and many of its members were interned. Its present membership is unknown, but has probably greatly declined. Its leader is “Commandant-General” J. F. van Rensburg, with whom Dr. Malan has pursued a long, bitter and relentless feud.

The Ossewa Brandwag has become closely associated with the Afrikaner Party, 90 per cent. of whose members are said to be O.B.’s, though Mr. Havenga himself has never been a member of the organisation and repudiates its national socialist ideology. It is deeply disliked by the Nationalist Party, both because it stands for the overthrow of parliamentary government and as a rival. Dr. Malan made it one of the conditions of his electoral agreement with Mr. Havenga that the latter should not nominate any member of the Ossewa Brandwag as a candidate for an Afrikaner seat. This stipulation, which has already given rise to difficulties in one of the constituencies allocated to the Afrikaner Party, is naturally bitterly resented by the Ossewa Brandwag, who have issued a statement pointing out that it cannot be expected that its members should vote for a party which aims at the destruction of the Ossewa Brandwag. On present indications therefore it seems not impossible that there will be a repetition of what happened in the general election of 1943, when the feud between Dr. Malan and Dr. van

Rensburg ran so high that large numbers of the Ossewa Brandwag contributed to the victory of the United Party by abstaining from polling.

Other fascist groups, both small and uninfluential, are :—

The New Order, whose only claims to distinction are that it is led by Mr. Oswald Pirow, Minister of Defence in the Hertzog Government, that it is in “friendly contact” with Sir Oswald Mosley, whom Mr. Pirow is at present visiting in England, and that it has recently meddled in trade union affairs among European workers on the Rand; and

The Greyshirts, started some time before the war, 50 per cent. of whose members are said to be of German extraction. Their leader, Weichardt, was interned during the war. The Greyshirts have promised unconditional support for the Nationalist Party in the General Election, and they are probably in no position, financially or otherwise, to stand out for a policy of their own.

(c) Independents, &c.

The United Labour Party.—This Party was founded by Mr. Madeley after he had left the South African Labour Party and shortly before his death. The first five points of his 8-point programme may be summed up as anti-Indian measures; the other three advocate shorter hours, better pay and social security for European workers and nationalisation of the mining industry. The present leader of the Party is Senator Henderson, who has apparently not yet officially resigned from the S.A.L.P. Its Secretary, Mr. Shorten, was the Party candidate at a recent by-election. Despite Nationalist support he was defeated by the S.A.L.P.’s candidate. It is improbable that the “Party” has a long life before it and it is putting up no candidates at the General Election.

The Central Group.—The Rev. Miles Cadman, M.P., one of the members who left the S.A.L.P. after the war, has now formed the Central Group. The policy of the “party” is obscure: it apparently believes in maintaining the Commonwealth connection, but the chief plank in its platform is a racial policy closely akin to that of the Nationalists. The group is contesting eleven constituencies, chiefly in Natal, but he has little hope of winning any, unless perhaps he can mobilise in his support some

of the Natal electorate who are always on the look-out for a grievance against the party in power. In predominantly English-speaking areas, the Nationalists welcome and support the "splinter groups."

The South African Party.—In 1933, when General Smuts and General Hertzog agreed to form a fusion Government, Colonel Stallard, one of General Smuts's followers, opposed this decision and broke away to form the Dominion Party. Its main aim was maintenance of the Commonwealth connection and it has received support mainly from Natal, which is predominantly English-speaking and ardently pro-British. Colonel Stallard's sympathies on native questions have, however, always been with the Nationalists. The Party was saved from disaster by the war, when Colonel Stallard was included in the Coalition Government. Towards the end of 1947 the Dominion Party changed its name to the South African Party. At the beginning of 1948 the Party split on the colour question and several of its most influential members resigned because of the harsh views expressed by Colonel Stallard in a debate on non-European affairs. The Party was left with only three members in the House of Assembly. After the resignations from his Party, Colonel Stallard called for a new alignment on the colour question in the Union—the nature of this alignment may be guessed from the warm welcome which this suggestion received from Dr. Malan.

The Communist Party.—The Communists have never succeeded in returning a declared party member to Parliament, though both Senator Basner, one of the Natives' representatives, and Mr. Wanless, one of the Labour members of the late Parliament, who is not standing for re-election, are generally believed to be Communists. In the present election it is contesting three seats, two on the Rand and one in the Cape, both against United Party candidates. Otherwise its official policy, as announced by its organ, the weekly *Guardian*, is that Communists should vote for the United Party to keep out the Nationalists. Though numerically small, the Party, following its usual tactics, has managed to infiltrate itself into key positions in a number of trade unions and other organisations, including the Springbok Legion, an ex-servicemen's association, many of whose officials are either Communist or pro-Communist. Up to the present its greatest success has been the organisation of the strike of native mine workers in August 1946.

As already stated, the Nationalists are exploiting the alleged Communist affiliations of the United Party, among which a high place is taken by the support which the latter is receiving from the Communist Party and the Springbok Legion. It is, however, generally thought that General Smuts, by his recent speeches calling for a stand to be made against Russian aggression, has effectively taken the wind out of their sails on this issue.

C.R.O. ref.: G 2110/15
F.O. ref.: W 3348/534/68

No. 27

GENERAL ELECTION IN THE UNION OF SOUTH AFRICA

Nominations and Election Campaign

Sir E. Baring to Mr. Noel-Baker. (Received in Commonwealth Relations Office 18th May)

(No. 117)
Sir, Pretoria, 10th May, 1948

With reference to my despatch No. 115 of 8th May, I have the honour to enclose the official list of candidates nominated for election to the Union House of Assembly on 26th May. The total number of members of the House is 153, but the three repre-

sentatives of the Cape Natives are elected under a different system, holding their seats for five years; and, although they were due to seek re-election in June, it was decided that their election should be postponed until later in the year, and an Act for this purpose was passed in the last session of Parliament.

2. I propose in this despatch first to analyse the nominations, and secondly to give an account of the election campaign as far as it has gone.

3. Nomination figures for the Union are as follows :—

Party	Number of Nominations
United Party ...	139
Nationalist Party ...	93
Labour Party ...	8
Afrikaner Party ...	11
South African Party ...	11
Central Group ...	11
Communists ...	3
Independents ...	28

The figures for the Provinces are :—

Transvaal (66 seats)

Party	Number of Nominations
United Party ...	60 (6 unopposed)
Nationalist Party ...	44
Labour Party ...	6
Afrikaner Party ...	6
South African Party ...	2
Central Group ...	2
Communists ...	2
Independents ...	11

Cape Province (55 seats)

Party	Number of Nominations
United Party ...	53 (5 unopposed)
Nationalist Party ...	33 (1 unopposed)
Labour Party ...	0
Afrikaner Party ...	2
South African Party ...	4
Central Group ...	4
Communists ...	1
Independents ...	12

Orange Free State (13 seats)

Party	Number of Nominations
United Party ...	12
Nationalist Party ...	12
Labour Party ...	0
Afrikaner Party ...	1
South African Party ...	0
Central Group ...	0
Communists ...	0
Independents ...	1

Natal (16 seats)

Party	Number of Nominations
United Party ...	14
Nationalist Party ...	4
Labour Party ...	2
Afrikaner Party ...	2
South African Party ...	5
Central Group ...	5
Communists ...	0
Independents ...	4

4. Only three seats are not being contested by the United Party-Labour combine: that at Oudtshoorn, where the Nationalist candidate has been returned unopposed, that at Mossel Bay in the Cape, where the official Nationalist candidate was opposed by an independent Nationalist who has now withdrawn, and that at Bethlehem in the Orange Free State where the former editor of the Nationalist paper, the *Volksblad*, is opposed by an independent. Eleven members of the United Party have been returned unopposed, including Dr. Gluckman, Minister of Health, for the Johannesburg constituency, Yeoville, and Mr. van Coler, who was Speaker in the last Parliament but has now resigned this post, for Queenstown.

5. Close contests are expected in a number of constituencies. In Hottentots Holland in the Cape, where the United Party suffered a humiliating defeat at a by-election early in 1947, the same Nationalist and United Party candidates are opposing each other. The constituency has been somewhat altered by the recent delimitation, and it is thought that the exclusion of a number of pro-Nationalist voters, and the Government's increased prestige since 1947 may result in a victory for the United Party candidate. In the 1943 General Election Mr. Wolmarans was returned by the Losberg constituency for the United Party. In 1947, however, he left the United Party and joined the Nationalists, but was thrown over by them in the party nomination contest in favour of Mr. Brits, a former member of the New Order. The latter is opposed by Mr. Bailey Beker, a well-known and energetic United Party Member of the Provincial Council. Brakpan was allocated to the Afrikaner Party under the Malan-Havenga Agreement. They chose a Mr. Vorster as their candidate, but the choice was vetoed by Dr. Malan on the ground that he was a member of the Ossewa-Brandwag, and after a public wrangle it was settled that Mr.

Vorster should stand as an Independent. He is opposed by Mr. Trollip (United Party), Deputy Speaker in the last Parliament. In Rosettenville in the southern suburbs of Johannesburg, six candidates are standing. This was one of the constituencies allocated to Labour under the United Party-Labour agreement. The official Labour Party candidate is opposed by a Labour member of the last Parliament whose views were obviously at variance with those of the majority of the party. The other candidates comprise three Independents and one member of the South African Party. There is a three-cornered contest at Roodepoort on the West Rand between Colonel Stallard, leader of the South African Party, Mr. Allen of the United Party, and Mr. Grobler of the Afrikaner Party.

6. The only United Party Member of Parliament of any distinction who failed to secure a nomination was Mr. Robin Stratford, who was at one time expected soon to attain Cabinet rank. A few months ago, he suggested to a number of Members of Parliament in confidence that a non-party Liberal group should be formed. The suggestion leaked out, and after the Rand *Daily Mail* had made a vicious attack on Mr. Stratford for "rocking the United Party boat" at a critical time, he retired from politics for the time being.

7. A remarkable feature of the Nationalist nominations is the number of members of the Broederbond who have been chosen as candidates. Among them is Mr. Wentzel du Plessis, who was formerly in the Department of External Affairs, but resigned when in 1944 members of the public service were told they could no longer belong to the Bond. The Nationalists have mischievously put him up to oppose General Smuts at Standerton. Another "Broeder" who until 1944 was a member of the public service is Professor A. Malan, who will oppose the United Party candidate at Gezina in Pretoria. Other prominent members of the Broederbond who are standing for election are Dr. Verwoerd, editor of the *Transvaler*, and Dr. Albert Hertzog, son of the late Prime Minister. Dr. Karl Bremer is the only well-known Nationalist who is not standing for re-election. He has decided to retire from politics because of ill-health.

8. An important feature of the nominations is the large number of Independents who are standing for election. The United Party has repudiated all Independent

candidates, many of whom will undoubtedly receive Nationalist support. Indeed, this crop of Independents is, in General Smuts's view, the Nationalists' answer to the United Party-Labour pact formed primarily to avoid three-cornered contests. It has been a matter for some regret that the United Party decided to oppose Mr. Marwick, who was formerly a member of the South African Party and is now standing as an Independent. He is one of the older members of the House and is popular with members of all parties.

9. Candidates put up by the Afrikaner Party, the Central Group and the Communist Party are for the most part not well known.

Election Campaign

10. With only a fortnight to go before the General Election takes place, it cannot be said that any very great interest has yet been aroused in the campaign. Newspapers devote increasingly more space to the Election, but the general public has so far remained surprisingly apathetic and both parties have agreed to a ten days' truce covering the period between Ascension Day and Whit Sunday. There have been few statements or speeches of any very great significance and there is little that can be said other than to describe the line being taken by the two main groups—the United Party-Labour alliance and the Nationalist-Afrikaner Party combination.

11. *The United Party* issued an election manifesto towards the end of April. The following are the main points:—

- (1) National unity and whole-hearted co-operation between the two main sections of the European population.
- (2) Maintenance of white civilisation and of the "way of life known as Western democracy with unswerving opposition to Fascism, Nazism, Communism and all other forms of undemocratic government."
- (3) Co-operation in the Commonwealth.
- (4) Policy of social security based on full employment.
- (5) Special consideration for ex-service-men and women.
- (6) Controlled and selective immigration.
- (7) Encouragement of industrial development.
- (8) Agricultural policy "leading to greater productivity and reasonable economic stability for farmers."

(9) Extension of further rights to the Native Representative Council and other native bodies, the Cape Coloureds to be treated as "an appendage to the whites."

(10) Natives to be housed in separate townships.

(11) Efforts to reduce cost of living.

12. The general line taken by United Party speakers has been to stress the Union's prosperity. Speaking at Newcastle on the 3rd May, Mr. Waterson said that there was now a spirit of confidence in South Africa such as had never been known before. He had visited 24 or 25 countries and in no country in the world had the transition from war to peace been accomplished so peaceably and so smoothly. Speeches on similar lines have been made by other Ministers and United Party candidates.

13. Secondly, the United Party and their supporters are making the most of the Nationalists' war record. In a speech in his own constituency, Johannesburg North, Mr. Hofmeyr said it would be the "maddest folly for South Africa to choose a Government led by a party whose record was one of failure and futility." He appealed to the audience to judge the Nationalists not on the approach they were now making to English-speaking voters, but on their black war record. The Springbok Legion, which is supporting the United Party, has issued a number of election posters and cartoons attacking the Nationalists for their attitude towards the Union's participation in the war, and one of the United Party's own posters depicts the Nationalists, O.B.'s and Greyshirts fraternising with Hitler.

14. Thirdly, the United Party has attacked the Nationalists for their policy of extreme racial separation ("apartheid"). The report of the Commission of Inquiry into native laws exposed the fallacy of the theory that the only natives to be permitted to live in the Union's towns should be temporarily resident males and the United Party is using this for its election campaign. Thus, on the 26th April, Mr. Hofmeyr said:—

"There is no difference between the two parties (United Party and Nationalist) on the issue of social and residential separation of the races, but to make a difference apparent, the Nationalists have chosen to say they are aiming at complete territorial segrega-

tion. This is impossible because it would involve the removal of all natives from industry and agriculture. It is also impossible because there is no land to make it work."

Apart from their attacks on the Nationalist "apartheid" policy, the United Party are saying as little as possible on the colour problem. Their answer to Nationalist attacks on Mr. Hofmeyr, because he is in favour of representation for natives by natives, is to say that this is merely Mr. Hofmeyr's personal opinion and not United Party policy. They have emphatically stated that the United Party is not in favour of racial equality and that the Prime Minister has no intention of handing over the reins to Mr. Hofmeyr when the election is over. Mr. Hofmeyr himself has for the first time said in public that complete racial equality is not his aim.

15. The Prime Minister has held himself almost entirely aloof from the United Party campaign and the majority of his speeches during the last weeks have dealt with international affairs. He has attacked Communism and warned the country of the danger of Russian aggression. As a war-time leader he inspired great confidence, and no doubt he feels that the rôle of leader in times of crisis is likely to have the greatest appeal.

16. *The Labour Party's* campaign has received little publicity. A statement by Mr. Christie, the Party's leader, called on supporters of both the United Party and the Labour Party to give their fullest support to each other's candidates "because it is essential to protect South Africa against anti-democratic tendencies from whatever source they come, and the gravest immediate danger comes from the Nationalist Party and its allies."

17. *The Nationalist Party's* election campaign opened when Dr. Malan outlined his Party's policy in a speech in Paarl on the 20th April. The main points he made were:—

- (1) The Election was not to be fought on the republican issue.
- (2) In the event of war, the Nationalist Party would not advocate neutrality.
- (3) The Nationalist Party, if returned, would maintain all "rights and privileges" accorded to ex-service-men by Parliament.
- (4) The Nationalist Party's colour policy was based on separation ("apartheid") and trusteeship.

- (5) Its economic policy was "South Africa First."
- (6) The Nationalist Party wanted favourable conditions for workers.

18. Before describing his party's policy, Dr. Malan enumerated the Government's failures as follows:—

- (1) Failure to deal with the colour problem.
- (2) Failure to deal with the "Communist menace."
- (3) Weakness and neglect in trade matters (e.g., "damage and partial destruction of our trade higher up in Africa as a result of the British Government's embargo measures there").
- (4) Incompetence in dealing with the housing shortage.
- (5) Introduction of an immigration scheme which closed the doors to apprenticeship and wage-earning labour "for thousands of South Africa's own sons and daughters."
- (6) Failure to deal with cost of living problem.

19. On the whole, Nationalist election speeches have closely followed the lines of Dr. Malan's attack. With regard to the Government's alleged failure to deal with the colour problem, they have stressed not so much their own policy as what they regard as the danger which will result if the United Party is returned to power. Mr. Hofmeyr has been the main target for attack because of his liberal views and because he has stated that he believes one day natives will be represented by natives in Parliament. They have put out the story (strenuously denied by the United Party) that General Smuts is fighting the election for Mr. Hofmeyer and intends to resign as soon as the election is over. In a speech in Nylstroom, Mr. Strydom, leader of the Nationalist Party in the Transvaal, said that there was no difference between the colour policy of the United Party and that of Mr. Hofmeyr, adding that for all practical purposes Mr. Hofmeyr was in favour of equality of races. On 27th April, the *Volksblad*, in an editorial, took the same line.

"If Mr. Hofmeyr and his group of liberals were an isolated group of intellectual busybodies the danger would not be so great. But that is not the case. They are people who dictate to the United Party to-day and will have that

party completely in their power as soon as General Smuts disappears from the scene. And according to Mr. Hofmeyr's statement at Caledon the other day, he does not expect that General Smuts will still be leader of the United Party in five years' time when he will be eighty-three years old. With a view to this we do not believe that a single thinking voter will allow himself to be led by the nose by the mealy-mouthed words of the United Party manifesto and the denials of Mr. Hofmeyr. The electorate knows what the true policy of the future rulers within the United Party is."

20. The second feature of the Nationalist election campaign is their attack on the United Party-Labour group for their alleged attitude of appeasement towards Communism. They state that the United Party is pretending to fight Communism, but, asks the Burger,

"what sort of 'champion against Communism' is he who concludes an alliance with the Communist-inclined Labour Party and with the even more communistically-inclined Springbok Legion? And what are we to understand by the fact that the 'champion against Communism' is getting the official support of the Communist Party in all but three constituencies where the Communists themselves are putting up candidates?"

21. Thirdly, the Opposition are trying to gain the support of the English-speaking voter, including the Jewish voter, and it is here that the aid of the Afrikaner Party is being enlisted. In a speech in Ladysmith, Mr. Havenga said that his presence in any political combination was sufficient guarantee that there would be absolute justice for both sections of the European population.

22. The Nationalists are neglecting nothing, however petty or irrelevant, in their efforts to blacken the United Party. In their anti-Communist campaign they have made much of the fact that the *Unie-Volkpers*, which is owned by Senator Conroy and publishes his paper, the *Suiderstem*, is now printing the Communist paper, the *Guardian*. They have also been distributing copies of the *Suiderstem*, in which the negative was most unfortunately omitted from the report of General Smuts's statement that "the

United Party is not in favour of racial equality."

23. It is difficult to summarise the trend of an electoral campaign in which public opinion has so far been apathetic. The Government side has confined itself largely to generalities; the Opposition has been more prolific in quarrels among its own supporters than in any striking attack on the Government or in any clear-cut policy of its own. General Smuts is believed to regard the chief dangers to the United Party to be apathy and the splitting of the pro-Government vote by independent candidates. He relies on his Party's war record for the past, on economic prosperity for the present, and for the future on a "middle-of-the-road" policy in social and economic affairs and the greater attractions of an external policy of explicit co-operation with the rest of the Commonwealth and South Africa's friends abroad. The Nationalists' approach to the election is largely negative; they recognise in General Smuts himself their most powerful

opponent, and seek to denigrate him by representing him as a façade for Imperialists abroad and for Liberals (such as Mr. Hofmeyr) and Communists at home; for the rest, they rely on that mixture of short memories, short-sightedness, and the feeling that it is time for a change, which go to make up what is known as the "swing of the pendulum."

24. For convenience I give the state of the parties at dissolution:—

United Party	...	89
Nationalist Party	...	49
Labour Party	...	6
South African Party	...	3
Independents	...	3
Natives' Representatives	...	3

25. I am sending copies of this despatch to the United Kingdom High Commissioners in other Dominion posts and to the United Kingdom Representative in Dublin.

I have, &c.

E. BARING,

High Commissioner.

C.R.O. ref.: G 3210/25 No. 28

F.O. ref.: W 3877/534/68

UNION OF SOUTH AFRICA: CONDITIONS OF AFRICANS IN THE TOWNS OF THE UNION

Sir E. Baring to Mr. Noel-Baker

(Received in Commonwealth Relations Office, 7th June)

(No. 125)

Pretoria,

Sir, 27th May, 1948

I have the honour to report that attention has been drawn recently to the condition of Africans in the towns of the Union, and particularly in those of the Witwatersrand.

2. A few years ago some success was gained in South Africa by a book named "Smuts and Swastika." The writer had no great claims to original thought, but he could coin an arresting phrase. He wrote of the splendid show of South Africa's apparent prosperity and wealth; but he also drew attention to weaknesses and to scandals. He described the Union as a country with "a golden mask."

3. In a description of the Rand this phrase is particularly apt. The long thin semicircle of white mine dumps marks the home of South Africa's riches and comfort; but it also marks a spot where the country's most difficult problem can be studied in its worst form.

4. By a fortunate chance coal, which can be both easily and cheaply mined, is to be found close to the gold. Cheap power can therefore be provided at the main centre of population. The length of the Rand, its new extensions (first to the west and then to the south west in the Orange Free State) and its satellite town of Vereeniging (the site of engineering work and the Government's new steel works), are thus becoming the economic centre of the Union and a magnet drawing both Europeans and Africans from all parts of the country.

5. From the date of the discovery of the Rand gold in the 'eighties until 1939 South Africans of European descent have considered the towns as "white towns." The black man should work side by side with the white man, but the two should live far apart. Thus the mineworkers and the domestic servants were males, temporarily resident in the towns and had left their wives and children in the Native areas of

the Union or of other territories. Since 1939 the position has changed. Secondary industry has grown until the gross value of its output is four times that of the gold mines. Town dwellers have increased in number—the African population living within the municipal boundaries of Johannesburg has risen by 72 per cent. since 1939.

6. The factory African cannot sleep in a mining compound or in his employer's residence. If he has left his family behind he may live in a municipal hostel. If he wishes to lead a family life he will seek accommodation in a municipal location or in a mushroom growth of native housing, unorganised and uncontrolled and either within or without the municipal boundaries.

7. The towns have gradually spread round Native settlements originally situated in the country. Municipalities which in 1939 complained of empty Native houses now find their locations grossly inadequate. The results have been unfortunate. First, both in organised locations and in unorganised native settlements a population of lodgers grew up, and a problem of sub-tenancy arose. Then the dam burst and a horde of squatters poured out in a series of movements and on to a whole line of sites in open country. Finally, Johannesburg's squatters were concentrated in an area named Moroka, with a population of well over 50,000 employed but houseless Africans.

8. Faced with a shortage of building materials, hampered by the restrictive rules of European unions in the building trade, and lacking support from most European municipal voters for a bold and therefore an expensive policy, the Johannesburg City Council has as yet been unable to follow Port Elizabeth and complete a large programme for African houses. For many Africans, therefore, family life continues between the boards and hessian of Moroka.

9. Life in this African Alsatia on the edge of a city with an almost American display of skyscrapers is strange and perhaps menacing. There are insufficient schools for the children and therefore there is a recruiting ground for the gangs whose deeds give rise to a series of crime wave scares. There are too few trains to carry African workers into Johannesburg. Sanitary arrangements are rudimentary. Life is exhausting and uncomfortable, and there is a constant threat of epidemics. The local ganster, the quack doctor, the

strange African sects which have been said to offer "witchcraft with a clerical collar on" all flourish. Finally, the squatters' camps to a greater degree, and overcrowded houses and hostels to a lesser degree, are a fine field for any agitator. Up to date the fanatical, and usually austere, African member of the Communist Party has been less successful than the small scale Al Capone with a guard of thugs, a bright uniform, a white horse and an appeal to the love of gaudy display. In the future, however, persons with definite ideas to sell may be more successful. Already a grievance regarding the grant of trading licences in Moroka has led to the death of three European policemen in a fierce and sudden riot.

10. The development of these conditions, akin to those of the early days of the Industrial Revolution in Great Britain, combined with the persistence of a strong desire to develop secondary industries in order to increase the wealth and power of the country and to decrease its dependence on gold, have combined to raise in acute form fundamental questions of policy and attitude towards Africans, and especially towards urban Africans. Liberal feeling towards Africans has grown recently. Yet, among certain classes of South Africans (*e.g.*, farmers and, with some qualifications, European Trade Unionists) and in certain areas (*e.g.*, the Orange Free State) the old and instinctive fear of the Native is still strong. There are two schools of thought. Those of one school believe that the town Africans and their families have come to stay; those of the other school adhere to the view that the urban African is only a temporary resident; and their policy is described as one of total segregation or "apartheid."

11. This last was the special aim of General Hertzog when in 1936 he introduced into Parliament a sheaf of Native bills. This, too, is the objective of the policy recently propounded by Dr. Malan and made by him the main plank in the election platform of the Nationalist Party. According to Dr. Malan's statement the two aims of his party are:—

- (1) The development of the Reserves as the "true fatherland of the Natives," and
- (2) "The maintenance of the European character of the urban areas."

The second objective is to be achieved by the "freezing" of the number of detribalised

Natives in the towns, by the return to the Reserves of superfluous Natives and by the enforcement of a rule that "in future Natives from rural areas and the Reserves will be allowed to enter the European urban areas only as temporary workers and must return to their homes regularly on the expiration of their service contracts." The Nationalists hope to catch a number of English-speaking voters with this bait.

12. It was therefore fortunate for the Government, and probably no accident, that, during last month the report of the Native Laws (Fagan) Commission was published. The real subject of the enquiry was the position of the town labourer of African race. The views of the Commissioners will probably carry weight with voters for none is tarred with the brush of "Liberalism". Mr. Justice Fagan, the Chairman, had been a Nationalist Minister for Native Affairs in the days of General Hertzog. Of the three other members, one is an Afrikaans-speaking farmer, the second a lawyer who was for several years legal adviser to the Native Affairs Department of the Johannesburg City Council and the third a retired officer of the Union Government Native Affairs Department.

13. It is probable, therefore, that the report will be useful not so much in supplying the Government with advice on the right administrative measures to be taken, as in giving the United Party ammunition to win the political battle which is bound to follow proposals to put the Commission's recommendations into practice.

14. The report deals with the life of Africans in the big towns, who may be classified as follows:—

(a) Those recruited in their countries of origin mainly by the gold mines, housed in compounds while working for the mines and returned to their countries of origin on the expiry of their contract or contracts of service, if they are "foreign Natives" but not if they are Africans from the Union reserves or from the High Commission Territories.

(b) Those who are living a family life in the towns, either in a location or native village within municipal boundaries or in a native village just outside those boundaries.

(c) Africans who have left their families in their territories of origin, have come to the towns to obtain work and

are living in municipal hostels or factory compounds or as lodgers in native villages where control is not very strict, for example, those just outside municipal boundaries.

15. Most of the troubles of town Africans are due to neglect. The neglect is in turn due partly to the difficulty in obtaining money to meet the needs of a voteless people and partly to an obstinate refusal to admit that African factory workers, as contrasted with mine workers, are no longer migrant labourers. Fear is the cause of this persistence, fear that a black working class in the towns will become an explosive element in South African society, and fear that with a rise in cash wages paid in factories the farmer will lose the labourers now living on his farm, and the mining companies will fail to recruit sufficient Africans in Union or "foreign" Native territories.

16. The consequences of this attitude of mind have been bad. The number of Africans working in the towns has increased. The Commission quotes a figure of approximately 1,800,000 "urban Natives," three times the figure for urban Natives in 1921, and nearly one-third of the total African population of the Union. Yet though white South Africa has drawn into the towns the Native labour required for its industrial growth, it has not yet been willing to provide those things needed by urban manual workers. Sufficient houses have not been built for the families of African town dwellers, sufficient schools have not been constructed for their children, very few recreational and only inadequate medical facilities have been provided. There is no opportunity to participate in local government except in a purely advisory capacity (and then only in the case of location as distinct from compound or village-settlement Africans). Africans in the towns are harried by the operation of pass laws originally designed to keep a flood of unwanted black labourers out of towns where industry was static, and not intended to provide for life in towns where new factories are springing up and labour is in demand.

17. A rough sketch of the position in and around Johannesburg and Durban is contained in an appendix⁽¹⁾ to this report. It illustrates the main features of the problem, the sharp rise in the African urban

(1) Not printed.

population during the war, the comparatively quick growth of a problem of overcrowding both for African families in native locations and villages and African males in municipal hostels, the consequent spread of squatter movements and the appearance of squatter camps. The failure of the Johannesburg and Durban municipalities to cope with the housing problem and the reasons for this failure are mentioned. They lead to the inevitable conclusion that the problem is so great and its solution would be so costly and so difficult that the Union Government themselves will in the future have to come into the picture far more than they have ever done in the past.

18. The great merit of the Fagan report is that the Commissioners refute the contentions of the apostles of apartheid:—

First, they show that the reserves are already overcrowded. For example, in the important Ciskei Reserves of the Eastern (Cape) Province, one-third of all families have no arable land, yet arable holdings are so small that they are less than $1\frac{1}{2}$ acres per person and yields of grain are so low that they are less than $1\frac{1}{2}$ bags per acre. Yields will, the Commissioners point out, remain low as long as the average African peasant is a migrant labourer and, therefore, a part-time farmer.

Secondly, the establishment of industries in the Reserves will increase their human carrying capacity but will not lead to total separation of the two races as contemplated by Dr. Malan. White as well as black communities must grow up around the new factories. For example, in the textile mills to be built at Kingwilliamstown on the edge of a Native Reserve nearly 200 Europeans will be employed in addition to 2,000 Africans.

Thirdly, 3,000,000 persons, or half the population of rural Africans, live on farms owned by Europeans and not in Native Reserves. In the future there will be insufficient land on those farms to support the natural increase of farm Natives. These Natives, forbidden as they are to hire land or engage in share cropping, will not, the Commissioners believe, have the will to stay in an occupation in which they cannot better themselves.

Fourthly, the Commission found, not only that the flow to the towns was inevitable, but also that it does not yet exceed the industrial requirements of urban employers; hence the absence of unemployed Africans among either squatters or location residents or men in municipal hostels. This is scarcely surprising since the gross output of the Union's productive industries, excluding mining and agriculture, had risen from £150 million in 1935-36 to £375 million in 1944-45.

Fifthly, the Commission expressed the view that since the stability of labour was to be facilitated, the problem of the care of town labourers was becoming too great a burden for local authorities, which in the past could bear it as long as most labourers were migrant. The Commissioners accordingly consider that there should be an increasing emphasis on central responsibility and central control.

19. I have described the general principles underlying the administrative recommendations of the Commission. These recommendations themselves may perhaps be grouped under three headings:—

Accommodation

20. The Fagan Commission believe that on account of the size of the problem, the cost of its solution and the political importance of the obstacles in the way of that solution (examples are in the appendix (')) at least regional and if possible national planning is required. They therefore welcome the attempt now being made by the municipalities along the Rand to prepare a "master plan" for the whole of that area. They also welcome the recent decision of the Minister of Health that "in future the Government will itself be prepared to build sub-economic houses for natives and to hand them over on long lease to municipalities." In addition they recommend that the Government should (a) make grants, possibly up to 100 per cent., towards the provision of homes for aged and invalid Natives, and (b) take over both the financing and the administration of native villages outside municipal jurisdiction unless satisfactory arrangements have already been made for such villages by some other authority, for example, the Natal Housing Commission in Natal or a Divisional Council in the Cape Province.

(¹) Not printed.

Administration

21. To carry out its new responsibilities a new Government sub-department should, the Commissioners write, be established by expanding the urban areas section of the Department of Native Affairs. In all native villages, whether inside or outside municipal boundaries, there should be substituted for the existing advisory boards new native village boards. These would consist for the first time entirely of elected members, would receive some revenue from the local authority within municipal boundaries and some other authority without those boundaries, and should with this revenue both perform some functions of a local authority and decide minor disputes between Africans. Within municipal boundaries the question of the extent of delegation of powers would lie with the local authority.

Crime

22. At frequent intervals the newspapers report the spread of a wave of crime among town Africans; and indeed crimes of violence are very numerous. The writers of the Penal and Prison Reform Commission which appeared just before the Fagan Report remark that "the vast majority of long term prisoners at most of the prisons and large gaols were recidivists with a number of previous convictions who almost invariably had started their criminal careers with a petty offence such as gambling, illicit possession of liquor, non-possession of pass or tax receipts . . . leading to a sentence of a small fine with the alternative of a short term of imprisonment." This all adds up to a state of affairs in the Native slums which justifies their description as factories for criminals.

The Pass Laws

23. The Commissioners believe that these laws are too complicated and that their enforcement in towns outside Cape Town has little effect "with regard to reserve Natives but causes distress to Natives who are already detribalised." Yet throughout their report the Commissioners have never for a moment forgotten that politics is the art of the possible; they have avoided denunciation and provocative language; they have urged the Union Government to use compulsion as little as possible in its dealings with local authorities; and they have advocated the creation, where possible, of conditions favourable to gradual change

rather than any sudden reversal of Native policy. With these ideas in mind they make no suggestion for the abolition of the Pass Laws. Instead they recommend the voluntary issue of identity cards designed gradually to replace all other documents, the establishment of centrally organised labour bureaux and arrangements for regular interdepartmental meetings to reconsider at intervals the administration of the Pass Laws. They also oppose the exclusion of Native women from towns and the expulsion of male Natives from towns simply because they are workless.

Migratory Labour

24. Finally, the Commissioners turned to the vexed question of the future of African labour. They are extremely cautious in their recommendations. On the one hand they believe that migratory labour cannot be abolished. On the other hand they make the following remarks and proposals:—

(a) It cannot be the sole type of labour in the towns.

(b) Labour migrants not recruited in their territories of origin can be guided to the industries which need them most by means of labour bureaux and a centralised registration system.

(c) As regards labour on existing mines the companies should endeavour to make arrangements with Natives from the Reserves so that a man gets a ticket to his home when he leaves the mine and, in brief, should, short of compulsion, assist and encourage Union Natives to return home.

(d) In the case of the new Free State mines there should be no compulsion on the companies to build married quarters, but should they wish to do so the Government should provide all facilities necessary for "a stable labour force."

The Commissioners evidently believe that some attempt should be made to mitigate the disruptive effect of the system on family life in the Reserves. They apparently are also willing to consider a gradual move in the mining industry away from the employment of migrant labourers housed in compounds and towards that of settled Africans living in family houses.

25. The work of Mr. Justice Fagan and his colleagues may be just one more report on the Union's most thorny problem, to be thrust into one more pigeon hole. It

may also be an important milestone on the road towards a land where both white and black can live reasonably happily. Certain features distinguish it from previous reports.

First, the writers cannot be described as persons who are not "nationally minded" or as wrong-headed liberals.

Secondly, the report has appeared at a fortunate moment, assuming that the United Party will be returned to power. The decision on the implementation of its recommendations will fall to be made soon after a general election, soon after the country's non-European policy has been subjected to the blaze of international publicity and soon after the squatter movements and the growth of urban crime culminating in the murder of three European policemen in the largest squatter camp on the Rand have drawn the nation's attention to the "condition of the people" problem in the outskirts of Johannesburg.

Thirdly, the Commissioners have been careful to write in a moderate and persuasive manner. They have criticised little and preached not at all. On each problem as it arose they have avoided proposing any action which would involve a Government in stormy political criticism. They have tried to place the feet of the Government on the right road rather than to thrust them very far down that road.

26. Ardent Liberals will probably say that they have not gone far enough. But

there is hope that they have destroyed a theory—the theory of the wholly migrant labour force in the towns—and that theory is the root of the evil in the black slums of to-day. Much ink has been spilled in discussing whether a Government dominated by General Smuts has or has not a genuine desire to improve the lot of the African. A good test will be the Fagan Report. There is no excuse for ignoring it. It could (always provided that the United Party win the election) be made the basis for a large scale attack on the economic as distinct from the political ills of the urban African, an attack which would of necessity be expensive and therefore painful for the taxpayer. It remains to be seen whether a Government of the future will put the report to this use. The first indication is favourable since, speaking in Johannesburg on 17th May, General Smuts said "the broad outline of the recommendations of the Fagan Commission will be carried out to the full by my Government if it is returned to power." On the other hand, eleven professors of Stellenbosch University, supported by colleagues in the strongly Nationalist University of Pretoria, have sharply criticised the report.

27. I am sending copies of this despatch to the United Kingdom High Commissioners at Ottawa, Canberra, Wellington, New Delhi, Karachi and Colombo.

I have, &c.

E. BARING.

High Commissioner.

C.R.O. ref.: G 2110/23
F.O. ref.: W 4317/534/68

No. 29

GENERAL ELECTION IN THE UNION OF SOUTH AFRICA: NATIONALIST VICTORY

*Sir E. Baring to Mr. Noel-Baker. (Received in Commonwealth Relations Office
17th June)*

(No. 134)

Sir,

Pretoria,
12th June, 1948.

The Nationalist victory came as a surprise to the country. Early in 1947 the United Party's stock had fallen. The Nationalists had launched in full force their attack on Mr. Hofmeyr and their appeal to colour prejudice. They had won an important by-election. But later a feeling grew in political circles that during the twelve months preceding the

election General Smuts's Government had regained lost ground. Shortly before polling-day General Smuts said to me, "they will give us some hard knocks but we are sure to obtain a majority." The papers published in English and the United Party leaders were even more confident. The hopes of the Nationalists themselves did not extend beyond such a reduction of the size of the United Party majority that a second election would soon become inevitable.

After the result was announced Dr. Malan described it as "a miracle," and Mr. Ben Schoeman (now Minister of Labour and the leader of the Nationalists on the Rand) expressed open surprise. When the Secretary to the Governor-General attempted to make contact with Dr. Malan through Mr. Erasmus (now Minister of Defence), that voluble Member of Parliament declared that he "was speechless with astonishment." The Nationalist leaders had made no arrangements for taking over office; and this is perhaps the best evidence of their miscalculation.

2. I enclose a Note giving some statistics about the election. It shows incidentally that the Nationalist-Afrikaner Party alliance did not obtain a majority of votes. The new Government owe their success to the weightage given to rural constituencies—the average being approximately 9 per cent. each way as compared with the provision in the constitution for a maximum of 15 per cent. each way. In contested constituencies the Nationalist-Afrikaner Party alliance obtained 440,000 votes and the combined United and Labour Parties 550,000. If allowance is made for uncontested constituencies the ratio in favour of the United Party-Labour Party is almost three to two. In three main strongholds of the United Party—the Cape Peninsula, the Eastern (Cape) Province and Natal (exclusive of three constituencies near the Transvaal border)—General Smuts's Government obtained an enormous vote and increased most of their majorities.

3. The defeat of the United Party was not due to apathy at the polling booth on the part of its supporters. The average poll was 78.9 per cent., and in South Africa this is a high figure. Slackness on the part of members of the United Party organisation during the campaign, taken with the diligence and the enthusiasm of Nationalist workers, was, however, an important contributory cause.

4. The Government had been in power for long, many of its members were weak in administration, all relied too much on the feeling that disgruntled supporters would never become so far alienated from the United Party that they would vote Nationalist. In the event, the Nationalists profited from a swing-of-the-pendulum feeling, from the "irritation" vote and still more from the greed of farmers who had done well in the war but felt, as they compared South African with American prices for farm products, that they should now do still better.

5. Further suggested contributory causes of the defeat of the United Party are (a) the unwelcome support given them by the Communist Party and the Springbok Legion, with which great play was made by the Nationalists, and (b) General Smuts's pre-election recognition of the State of Israel. The real importance of the latter is uncertain. A popular line in political gossip is, however, that recognition was quite unnecessary to secure the great bulk of the Jewish vote, which for obvious reasons could never go to the Nationalists, and which moreover is only important in large urban constituencies where the United Party were in any case certain of a majority; and that as against this it alienated a number of English-speaking voters which may well have turned the scale in marginal constituencies.

6. All these causes of weakness to the United Party were, however, subsidiary. It would have been surprising if they had been decisive, for the country was very prosperous at the time of the defeat of General Smuts. The decisive factor was the success of the crude and constantly repeated Nationalist theme that this was a "Hofmeyr election," and that if Mr. J. H. Hofmeyr came to power the supremacy of the white man would come to an end. It was a negative campaign. The Nationalists won not on what they promised to do but on what they promised to avoid. The campaign against Mr. Hofmeyr was assisted by his appointment as Deputy Prime Minister and by his references in speeches to future political concessions to non-Europeans. From the proceedings of the United Nations and from the quarrel with India there also grew a vague but strong fear of a rising tide of colour. This provided the right background for the Nationalist campaign.

7. Most men of good will share the objectives of Mr. Hofmeyr. Yet there are many critics of his tactics; and in private these include that vigorous champion of the rights of the African, Mrs. Ballinger, Member of Parliament for one of the three Cape Province native constituencies. In public speeches he has chosen to emphasise the question of political rights for Africans rather than that of their economic advancement. In doing this he has fallen in with the wishes of leading educated Africans. But he has also selected the most delicate and dangerous of South Africa's many questions and that on which there is least agreement among Europeans. His choice

has been in direct contrast with that of the Government of India in 1927. The first Cape Town Conference marks perhaps the only occasion of a satisfactory and constructive agreement on the South African Indian question. The success of the Indian delegation was due largely to their concentration on economic questions and to their decision against even the mention of voting rights.

8. It is important to realise the violence of the Nationalist campaign of misrepresentation. In Mr. Mushet's constituency of Vasco, one of the working-class suburbs of Cape Town, a van with a loud speaker toured the streets daily broadcasting the words: "A vote for the United Party is a vote for Hofmeyr. A vote for Hofmeyr is a vote for your daughter marrying a Kaffir." That is a good example of the Nationalists' campaign tactics. Their campaign can be illustrated even better by two cartoons and by a slogan. The cartoon in *Die Transvaler* the day before polling day showed a blonde, gaunt and gloomy female in Voortrekker costume standing on a rock while two children blubbered into her skirts, and all round swirled a rising black sea marked "Communism," "Equality," "Liberalism." *Die Burger's* cartoon on polling day was of General Smuts standing on a map of South Africa. His black shadow, which was cast over the Union, depicted Mr. Hofmeyr with negroid features. The cartoon was headed simply: "Smuts-Hofmeyr election." The first cartoon illustrates the negative nature of the Nationalist appeal, and the second the concentration on Mr. Hofmeyr's personality. The slogan was of two words, "stem wit" (vote white); and it was deadly in its effectiveness.

9. With his accustomed intellectual honesty, Mr. Hofmeyr himself told me a few days after the result was announced that he had no doubt that the prime cause of the Nationalist victory was the appeal to colour prejudice, that Afrikaans-speaking people were as emotional as ever, and that the result proved that in 1948 an appeal to racial fears could stampede them into thinking with the blood as effectively as it had done in 1929. He went on to say that his opinion before the election had been that the Nationalists had shown their hand too soon, that their inability to produce constructive proposals on native affairs, their vagueness and their feeble defence of "apartheid" would alienate voters. But he had been mistaken and no

such thing had happened. Many voters were ignorant of the facts concerning native affairs, unwilling to learn and not prepared to examine rationally any considered series of proposals. These people had said to themselves that the Nationalists would adopt a harsher attitude towards non-Europeans than the United Party had done, and so they had voted for Dr. Malan.

10. Apart from the anti-Hofmeyr campaign, the structure of Nationalist electoral success was, I believe, supported on two pillars:—

First, a most thorough organisation had been at work since 1943. Nationalist organisers had carried a house-to-house canvass to every family in the rural areas and in all doubtful seats. By comparison the United Party organisation was feeble.

Secondly, ingenious attempts were made to reassure the English-speaking voter. The Nationalists spoke with two voices. Dr. Malan, in his election manifesto, gave an assurance that the proclamation of a republic was not an issue. In all but a few areas republican propaganda was, in fact, excluded from their Nationalist public platform, but among Afrikaans-speaking voters they conducted a whispering campaign full of much of the old bitterness. Few claims to victory were made; there was every effort to minimise the differences between the two sides; it was said that General Smuts's heart was not in the election, and that the real issue was Hofmeyr's colour policy. At Stellenbosch the Nationalist candidate sent no propaganda to English-speaking voters except an autobiography, and in this emphasis was laid on his participation in London in conferences to "settle the rules of Rugby throughout the Empire." A credulous voter recently arrived from London remarked, "This fellow seems to be a good sport, sounds a bit more imperialist than Smuts." In the neighbouring constituency where in the past Nationalist candidates had used nothing but Afrikaans, some speeches at their meetings were in English. As usual, few English-speaking people read what was written in the Nationalist press and none knew what was said by Nationalist candidates in the backveld.

11. Nationalist tactics as described above had two results:—

(1) Important Nationalist gains were made in towns in which the Afrikaans-speaking people had recently

increased in number. Thus on the Rand they won 8 seats out of 34 in place of 1 out of 32 in the 1943 election, and in Pretoria 6 seats out of 9 instead of 2 out of 8.

(2) An almost clean sweep was made of the Afrikaans-speaking rural areas. The Nationalists gained all the rural seats in the Transvaal, held them all in the Orange Free State, won every seat they could conceivably win in Natal, and beat the United Party in all the doubtful constituencies in the Western (Cape) Province with the exception of the only semi-rural Hottentots Holland, where a notable victory was gained by a United Party candidate of great promise. In fact, outside Natal and the Eastern (Cape) Province, that is, outside the only areas in South Africa where many farmers are English-speaking, the United Party won only one truly rural seat—Caledon, some 46 miles east of Cape Town.

12. The cause of the Nationalist victory is now much discussed. There are two popular explanations. One is that the Nationalists polled a higher percentage of the votes of Afrikaans-speaking people than at any previous election, with the possible exception of that of 1929. Another is that for the first time they won the support of a considerable number of English-speaking voters. In any case this general election resembled that of 1929 rather than those in the intervening period. The colour issue played an important part, and by contrast with the two elections won by the Fusion Government the old issue of South African Party *versus* Nationalists was, for the first time for nineteen years, fought out in peace-time conditions. During those years—

(a) Afrikaans-speaking people had become a higher proportion of the total population of the Union.

(b) The Broederbond had grown to power (see my despatch No. 1 of 1945) and its influence in the teaching profession had affected many young Afrikaners (see, for example, my despatch No. 18, paragraph 4).

It seems arguable, therefore, that while in urban areas the younger generation may be turning to more liberal views, in the Afrikaans-speaking backveld the reverse

process is occurring. Thus, in Standerton General Smuts received the same number of votes as in 1943, but all the increase in the total vote went to the Nationalist candidate. Comment on the part played by newly enrolled Afrikaans-speaking voters is somewhat confused by the fact that owing to the speed with which preparations were made for the general election and the consequent recruitment of a number of inexperienced officials into the Department of the Interior, there were many reports of mistakes in the registration. Owing to the lesser keenness of their workers the United Party suffered more from these mistakes than the Nationalists. It is, nevertheless, clear that throughout the rural areas and, to a lesser degree, on the Reef and in Pretoria the Nationalists increased the percentage of Afrikaans-speaking voters who supported them.

13. At the same time in a number of marginal seats they obtained the support of an appreciable number of English-speaking people, following very careful and painstaking work by their excellent organisation. It is clear from Dr. Malan's first statement and from the first leading articles in Nationalist papers that the leaders of the party at present attach great importance to the continuance of support from these English-speaking South Africans. This is hardly surprising since in twelve seats the Nationalist majority was under 500. But the spontaneous expression of Nationalist enthusiasm since the election has not always been in harmony with the wishes (if they in fact are the wishes) of the Party's leaders in this respect. Thus in Pretoria during the days immediately following the announcement of the result of the election reassuring statements by Nationalist leaders were being read in the newspapers while students paraded the streets waving republican flags, chanting slogans in chorus, shouting "Heil Hitler," and generally giving a somewhat feeble imitation of German stormtroopers. The German victories during the first years of the war and the Nazi propaganda methods and racial feeling made at one time a deep impression. That impression, though now greatly diminished in importance, has not yet been completely effaced. Hence some of the more sensational methods of expressing enthusiasm and the use of the cry, "one people, one land, one language."

14. To find explanations for the Nationalist victory is comparatively easy.

To forecast future political events is difficult. One statement may, however, be made with some confidence. The present division of parties is unfortunate in appearance. It can be represented as town against country, as English against Dutch. The United Party has lost its Afrikaans-speaking farmer Members of Parliament, it will be weak in Afrikaans debates, and in its present garb it will make little appeal to the farmer.

15. A further statement may be hazarded. There are elements of weakness in the position of the new Government. Their working majority will be three, after allowance is made for the three Native representatives, the Speaker and the Chairman of Committee. They are in a minority in the Senate and in three of the four Provincial Councils. Against the twelve seats mentioned above which they hold by a margin of under 500, there are only seven seats which the United Party hold by so narrow a margin.

16. It would be idle to use these two statements as grounds for forecasting the future actions of the new Government. On the other hand it may be of interest to record the views of General Smuts and his advisers during their last days of office. They believe that Dr. Malan's Government will immediately begin to create conditions favourable for a second and for a more decisive electoral victory. Provincial elections will be held during the first half of next year. In the two largest Provinces (Cape and Transvaal) these involve the same constituencies and the same roll as parliamentary elections. They usually provide a good guide to the influence of the parties in rural areas. Should they be favourable to the Nationalists it is therefore possible that the new Government will decide to force a general election some time during 1949. Nationalist efforts towards the creation of favourable conditions may be the following:—

(1) The discovery of another appeal to fear of the African and to colour prejudice. They might go to the country on abolition of the three members of the House of Assembly returned by African voters in the Cape Province. This would not be technically an amendment of the constitution and could be done by a simple statute. They might also propose the removal of coloured, Asiatic and Malay voters from the common roll in the Cape Province.

This would however be a constitutional amendment and as such would require a two-thirds majority in a joint sitting of both Houses.

(2) There is a surplus of approximately £9 million and of this £6 million has not been publicly allocated to any particular form of expenditure. Much could be done with this money.

(3) Every effort will be made to reassure English-speaking voters and convince them that "the Nationalists are not so bad after all."

17. It would be rash to argue that because during their first year in office the new Government are conciliatory in negotiations with the United Kingdom it follows that they will maintain this attitude in future years. At present the Government are weak and dependent on English-speaking votes; could they obtain a larger majority in Parliament their attitude might well change for the worse.

18. Reasonable parliamentarians and men who have absorbed Nazi ideas are both in the Nationalist ranks. There are indications that the country will soon buzz with rumours of the establishment of a totalitarian State. To my mind abandonment of constitutional government by the Nationalist leaders is improbable. The presence of a great non-European population is an argument against causing too deep a split between the two divisions of South Africans of European origin. But the possibility of violence should not be entirely discounted, the men of violence are there, and should things go badly for the Government their views might in the last resort prevail.

19. Meanwhile there will be developments inside the United Party. Letters from United Party supporters attacking Mr. Hofmeyr have already appeared in the newspapers. There is a strong feeling among ex-Cabinet Ministers that under his leadership the United Party will never regain power. All that can be said for the moment is that Mr. Hofmeyr's prestige has fallen greatly, and that inside the party there are many who believe that he should be dropped. General Smuts's decision to return to Parliament has, however, temporarily postponed the need for a definite decision on the question of future leadership.

20. This despatch has been written at the conclusion of a sharply defined period in the history of South Africa. I can

perhaps bring it best to its own conclusion by describing the three regrets expressed to me by General Smuts when I called on him the day after the result became known. He deplored first a weakening, even if temporary, of Commonwealth ties, secondly, a check to the growth of better and closer relations with northern African territories, and thirdly damage to the cause of "more justice for Africans." His greatest fear was on the last issue, though he also expressed acute anxiety lest the new Government might adopt a defiant attitude at Paris next September or even put in force a threat made by Dr. Malan and leave the United Nations.

SUMMARY

(1) The United Party held three of its four traditional strongholds, gained the majority of votes and successfully resisted attempts at vote splitting by Independents and candidates representing small groups.

(2) The poll was, however, heavy. After making allowance for the weightage given to rural constituencies the result must be taken as reflecting a strong wave of feeling. The strength of this movement of opinion in a very prosperous country can be attributed to a special cause.

(3) For the first time since Union the "nationally minded" parties presented an almost united front and for the first time all Cabinet members will be men whose home language is Afrikaans. The Nationalists would for their part claim with justice that this is the first truly bilingual Cabinet.

(4) The Nationalists (a) gained a number of urban seats in Pretoria and along the Rand and (b) made almost a clean sweep of rural constituencies in Afrikaans-speaking areas.

(5) The special cause to which the Nationalists owed their victory was a concentrated attack on Mr. Hofmeyr and his alleged intention to undermine white supremacy. This attack was pushed home by a very effective organisation and its progress was helped by Mr. Hofmeyr's own concentration in public speeches on the political rather than the economic advancement of non-Europeans.

(6) The party contest in the new Parliament will unfortunately present the

appearance of a struggle between town and country and between English- and Afrikaans-speaking people.

(7) As yet the Government's hold on power is precarious, partly owing to their small majority in Parliament and partly owing to the number of seats which they won by a narrow margin.

(8) It follows that a further election next year, once the result of the Provincial Elections becomes known, is a possibility.

(9) As long as they are comparatively weak the new Government may continue to reassure English-speaking voters. Should they become stronger, or possibly should they merely stay in power for over a year, their attitude may well change.

(10) The new Nationalist Government differs from former Nationalist Governments in that—

(a) There is no election pact between them and a party composed largely of English-speaking people (in 1924 the Nationalists came into power as the result of a pact with the Labour Party, a pact which they continued to honour even when they were returned in 1929 with a majority over all other parties); and

(b) During the last fifteen years the Broederbond has grown to power.

(11) A resort to force and to Nazi methods if the Government is threatened with loss of power is at least a possibility.

(12) The United Party is in a very difficult position. Mr. Hofmeyr was its ablest minister. Yet at present it appears to be arguable that as long as he remains prominent in the United Party there will be no prospect of the United Party recapturing rural Afrikaans-speaking constituencies and therefore no hope of the Party's regaining power.

I am sending copies of this despatch to the United Kingdom High Commissioners in Ottawa, Canberra, Wellington, New Delhi, Karachi and Colombo and to the United Kingdom Representative in Dublin.

I have, &c.

E. BARING,
High Commissioner.

Enclosure in No. 29

Note on General Election Result

Following are the figures of parties in the new House of Assembly. For convenience the figures in the old House are given as well:—

<i>New House</i>	
Nationalist Party	70
United Party	65
Afrikaner Party	9
Labour Party	6
Representatives of Natives	3

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<i>Old House</i>	
United Party	89
Nationalist Party	48
Labour Party	6
South African Party	3
Central Group	1
Independents	2
Representatives of Natives	3
Vacant (George, ex-Nat.)	1

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The percentage poll for the whole country was 78.94 per cent.—1,067,249 votes being cast out of a possible of 1,351,829 in the contested constituencies. This is how the votes were cast for the different parties:—

Nationalist Party	401,834
Afrikaner Party	41,885
United Party	524,230
Labour Party	27,360
South African Party	11,610
Central Group	15,744
Communist Party	1,783
Independents Party	42,803

Total ... 1,067,249

Nationalist Party	56	instead of	70
Afrikaner Party	6	"	9
United Party	74	"	65
Labour Party	4	"	6
South African Party	2	"	0
Central Group	2	"	0
Communist Party	0	"	0
Independents Party	6	"	0

Total ... 150 150

Number of seats won by the parties in each Province

(The 1943 figures are shown in brackets)

	<i>Transvaal</i>	<i>Cape</i>	<i>Natal</i>	<i>O.F.S.</i>	<i>Total</i>
Nationalist Party	32 (11)	26 (19)	1 (0)	11 (13)	70 (43)
Afrikaner Party	4 (0)	2 (0)	2 (0)	1 (0)	9 (0)
United Party	26 (47)	27 (35)	11 (6)	1 (1)	65 (89)
Labour Party	4 (6)	... (1)	2 (2)	... (0)	6 (9)
South African Party	... (0)	... (1)	... (6)	... (0)	... (7)
Independents	... (0)	... (0)	... (2)	... (0)	... (2)
Total	66 (64)	55 (56)	16 (16)	13 (14)	150

C.R.O. ref.: G 2110/27

No. 30

F.O. ref.: W 4489/534/68

AIMS AND POLICY OF THE NEW GOVERNMENT OF THE UNION OF SOUTH AFRICA

Sir E. Baring to Mr. Noel-Baker. (Received in Commonwealth Relations Office 5th July)

(No. 144) Pretoria,
Sir, 30th June, 1948.

In paragraph 17 of my despatch No. 117 of the 10th May, I referred briefly to Dr. Malan's speech on the 20th April opening the Nationalist Party's election campaign. In view of the Nationalist Party's victory at the General Election I now enclose, in the hope that it may be of use, a fuller summary of the main points of the speech, which must be regarded as the fullest and most authoritative statement to date of the aims and policy of the new Government.

2. It will be noticed that Dr. Malan's definition of his Party's Indian policy, quoted in paragraph 2 (c) of the note, does not mention the repeal of Chapter 2 of the Asiatic Land Tenure and Representation Act, 1946, providing for the representation of Indians in Parliament and the Natal Provincial Council. The repeal of this Chapter (which has not so far been brought into operation) was included by Dr. Malan in a resolution which he moved in the House of Assembly on the 20th January last, and the new Minister of the Interior, Dr. Donges, has since stated that its repeal remains part of the policy of the Government.

3. The following two remarks occur to me:—

(1) The core of "apartheid" is the question of family life for urban natives. On this Dr. Malan was studiously vague. As it stands, the meaning of paragraph 2 (a) (ii) of the enclosure is that in future a Native arriving for the first time in a town would be admitted only if—

(a) he had already obtained work there, and

(b) he was unaccompanied by his wife and children.

Nothing is said about means of enforcement.

(2) A declaration of the establishment of a republic as the aim of the party but as an aim to be attained not "by an ordinary general election," but by a "special call on the people for direction" is a return to the doctrines of General Hertzog. In

fact the "broad basis of the will of the people" was the very phrase used by General Hertzog when discussing the conditions required for the establishment of a republic during the bitter disputes with Dr. Malan in 1940 after one year of uneasy association. In 1943 the Afrikaner Party which General Hertzog had founded was destroyed as a separate political force. Yet General Hertzog's view that there could be no republic and indeed no sustained electoral success for a Nationalist Party without the support of some English-speaking South Africans and therefore without some compromise on the principles of pure Nationalism has prevailed. He himself bravely adhered to this view in 1940 at a time when it seemed that it would never prevail. By the irony of fate its adoption by his embittered and unrelenting opponents has now enabled them in alliance with the small band of his own followers to reassure some English-speaking voters. The support of these voters has powerfully helped the "nationally minded" section to gain at last by its own efforts victory at the polls.

4. I am sending copies to other Commonwealth posts.

I have, &c.

E. BARING,

High Commissioner.

Enclosure in No. 30

Main Points of Dr. Malan's Election Speech of the 20th April

After stating that the main questions before the electorate were the colour problem and the Communist menace, both of which had been aggravated by the Smuts-Hofmeyer Government's policy of offering political concessions to non-Europeans and tolerating Communist activities, Dr. Malan gave the following assurances:—

(a) *Republic*

"The first assurance is that, in so far as it affects us, the coming election will not and also cannot be fought on the question

of the striving after, or the formation of, a republic in South Africa. The Nationalist Party is bound by its own programme of principles to the constitutional and democratic path in its striving after this ideal. From the beginning the party laid it down that a republic could only be formed on the broad basis of the will of the people, with the retention in any case of our principle of equal language rights, and that this will of the people should first be properly and clearly tested, not by way of an ordinary general election, but only by way of a special call on the people for direction on that point and on that point alone."

(b) *Defence*

The second assurance related to "the serious world situation and threatening war" against Russia. Dr. Malan said: "In the event of war breaking out we will not remain neutral or plead for neutrality. Our sympathy will be on the side of the anti-communist countries and if it is sought, and is practicable, our active support as well." He added that communists generally had been allowed to spread propaganda in the Union for so long that South Africa might itself "be a powder keg where our greatest danger and our heaviest task will lie. What we will be able to contribute to the struggle outside our borders is something that at this stage had better be left to the time and the circumstances then prevailing."

Colour Policy

2. The Party's policy would be based on "apartheid," i.e., separation, applied not only as between Europeans and non-Europeans, but as between the three groups of non-Europeans, i.e., Native, Coloured and Indian. For this purpose the registration of all Europeans and of different groups of non-Europeans would be necessary. The main points of the Party's policy in respect of the non-European groups would be as follows:—

(a) *Natives*

(i) Native reserves would be retained and made suitable for carrying a larger population by protecting the soil and by teaching the natives improved agricultural methods. "Possible additions must only take place in judicious fashion and after thorough investigation."

(ii) In urban areas natives must live in their own residential areas (with proper attention to good housing) and only those

who had work to go to would be admitted, newcomers from the native areas or the European farming areas being regarded as temporary workers and those "in excess" being repatriated.

(iii) Representation of natives in Parliament and in the Cape Provincial Council would be abolished. Native representation by Europeans in the Senate would continue, but natives' representatives would have no vote in questions of confidence or no-confidence in the Government, or on the declaration of war, or on measures affecting a change in the political rights of non-Europeans.

(iv) The Natives Representative Council would be abolished and "replaced by a system of self-government on the first rate and well tried example of the Transkei Bunga" (see paragraph 4 of enclosure to High Commissioner's despatch No. 74 of 16th March, 1948). (In other words the idea of a central representative body of Africans would be abandoned, but possibly that of regional representative bodies would be expanded.)

(v) Higher education for natives would be in separate institutions. (At present Natives receive higher education either—

- (a) at Fort Hare, an entirely Native university college,
- (b) in small numbers at the Witwatersrand and Cape Town Universities where Native and European students work side by side, and
- (c) at Natal University (until this year Natal University College) where non-Europeans and Europeans live and work in separate buildings but share the same teaching staff.)

(vi) All native interests, including education, would rest with the Department of Native Affairs, and the recent decision that the Union Education Department should be responsible for native education would therefore be rescinded.

(b) *Coloured*

(i) The Coloured people are a separate group, sharing the language and cultural interests of the Europeans and differing in language, race and standards of civilisation from natives, over whom they must hold a privileged position in European areas.

(ii) As against Europeans, the principle of "apartheid" must be gradually applied in respect of residential areas, and also of public transport, recreation areas and, as

far as possible, work places. Coloured residential areas must be at a distance from native locations. (These points are of importance mainly in the Western (Cape) Province. Thus, in the other three provinces "apartheid" is applied in railways and buses, while in the Cape no distinction is made.)

(iii) In coloured residential areas the population must be protected against unemployment caused by the influx of native labour, and coloured people must be given preference in public appointments and business licences.

(iv) Special educational facilities must be provided for coloured people, including a separate university institution.

(v) A Coloured Affairs Department should be established in which coloured people would serve, and an elected Coloured Advisory Council should be established in place of the present nominated one. The right of the Cape Coloured people to vote on the common roll should be abolished and, instead, one European senator would be nominated to represent coloured interests in the Senate, and three European members of Parliament and three European members of the Cape Provincial Council should be chosen by the Coloured Advisory Council. (Though Dr. Malan said nothing on this point, it may be assumed that the rights of the representatives in Parliament of the Coloured people to vote would be restricted in the same way as would be those of Natives' representatives; this was specifically stated in the Nationalist Party's declaration on "apartheid" made public at the end of March—see Opdom No. 13, paragraph 8 (vi).)

(c) Indians

"(i) The party will strive to repatriate or remove elsewhere as many Indians as possible with the co-operation of India and other countries.

"(ii) The present ban of Indian immigration, inter-provincial movement and penetration must remain, and be more stringently maintained.

"(iii) The Cape urban areas must also be protected against Indian penetration.

"(iv) The Indians must not be allowed to reside among other racial groups.

"(v) Trading licences to Indians outside their own residential areas must be reduced. (This would be a new restriction.)

"(vi) Family allowances to Indians must be abolished."

Communists

3. "In view of the serious communist danger the party plans:—

"(i) To institute a thorough investigation into communist activities, particularly among the non-European population, as has already been carried out in Canada, the United States and various other countries.

"(ii) To purify our State and public services of communists and communist influences.

"(iii) To prohibit the immigration of all communists and to exercise strict control over communist literature.

"(iv) To dissolve the Communist Party and to oppose its infiltration into other bodies.

"(v) To take severe action against communist agitators.

"(vi) To deport foreigners who are guilty of communist activity."

4. Other points made by Dr. Malan were:—

(a) Trade

Dr. Malan accused the Government of helplessness in face of the "damage and partial destruction of our trade higher up in Africa as a result of the British Government's embargo measures there," and "to the injustice towards our own footwear manufacturers through Britain's import ban on their products, while conversely, footwear from British factories is being imported." He claimed that the Nationalist Party's attitude towards these matters proved that its policy was based on the principle, "South Africa First."

(b) Immigration

"Immigrants by their tens of thousands are being invited to South Africa and helped, so it is stated, to make good the shortage of artisans, while for thousands of South Africa's own sons and daughters the door to apprenticeship and wage-earning labour remains closed."

(c) Trade Unions

"The party stands . . . for a sound trade union organisation, free of party politics, and particularly from communist domination, and in which provision is made for separation between European and non-European, with the exception, however, of Natives, who are clearly not ripe for the necessary responsibility of trade union organisation."

C.R.O. ref.: G 2110/37
F.O. ref.: W 220/4/68

No. 31

SOUTH AFRICA: FIRST PARLIAMENTARY SESSION OF DR. MALAN'S GOVERNMENT

*Sir. E. Baring to Mr. Noel-Baker. (Received in Commonwealth Relations Office
18th October)*

(No. 249)

Pretoria,

Sir, 15th October, 1948

It is generally felt that during this session the Government have defended themselves with success, that by contrast the Opposition have opened themselves to several damaging counter-attacks, and that if a general election were held to-morrow the Nationalist-Afrikaner Party alliance would improve on its performance last May.

2. Before consideration is given to the achievements and to the future prospects of the Government, emphasis should perhaps be laid on one characteristic of their method of work. It is certain that every matter of importance is considered by the Cabinet itself. It is probable that most decisions are dictated by a small inner ring believed to consist of Messrs. Swart, Strydom, Louw and Donges. From this flow two results. One is that the days of quick decisions by individual Ministers are gone. The Prime Minister replies only after consultation and his view does not necessarily prevail. Thus Dr. Malan favoured the continuation of General Smuts's policy of limited co-operation with the International Labour Organisation: the Cabinet decision was against any participation in the activities of that organisation.

3. The other result is that many Heads of Departments are given no opportunity to express an opinion before conclusions are reached in Cabinet and are informed of these conclusions somewhat late. One example is the announcement in the press of the appointment of Professor du Plessis as Minister at The Hague before either the Netherlands Government or the Department of External Affairs had been consulted. A second illustration is Dr. Donges's important statement on immigration policy; neither the Secretary for the Interior nor the Commissioner for Asiatic Affairs were informed of its terms before it was made.

4. More generally the Cabinet regards the South African papers published in English with great and the United Kingdom press with considerable suspicion. During the first few weeks after the general election Mr. Erasmus and Mr. Schoeman

both spoke rashly and hastily and capital was made out of their remarks by the editors of papers supporting the United Party. Now Ministers keep their own counsel, political correspondents cannot extract information even from the Minister of Defence, and the plans of the more powerful ministers are matters for conjecture.

5. The actions of the Government during this session can perhaps be best considered against the background of the views expressed by General Smuts immediately before his resignation. I called on him early in the morning of the day following the announcement of the election results. He has often been described vaguely as "a great man." His fortitude that morning proved his greatness. Without any sign of alarm, annoyance or regret he coolly analysed the plans of the Nationalist Party. His view was that in commercial and financial matters they would cause little trouble, that they would weaken the tie with other members of the Commonwealth but not very seriously, that they would raise difficulties when defence questions or South Africa's position at the United Nations came under consideration, that they would impair the Union's influence over other African Territories, and, worst of all, that they would cause a great deterioration in the relations between Europeans and non-Europeans in the Union.

Economics

6. With control in the hands of Mr. Havenga and Dr. Holloway, the finances of the Union are directed by experienced and reasonable men. Up to date the Union authorities have been co-operative in both major and minor matters concerned with exchange control. They have given a degree of satisfaction to a small mission from the Wool Trade sent to discuss a specific point, and a good reception to the delegates of the Empire Chambers of Commerce whose debates cover a very wide field. The editor of *Die Burger* adopts a reasonable tone when writing of trade between the United Kingdom and the Union, while emphasising two points. One is the need to maintain

the freest possible trade between the Union and British Colonial dependencies, notably those in Africa. The other is the desirability of increasing British exports of capital goods to the Union and of decreasing those of non-essentials; but it is admitted that in the matter of selling luxury goods in South Africa the United States is the greater sinner. General Smuts's optimistic forecast has up to date proved to be correct.

The British Connection

7. The majority commanded by the Government is small, they attach importance to the support given by a number of English-speaking voters, and at the moment the Afrikaner Party is both an attraction for the English-speaking voter and the holder of a key position in Parliament. The Nationalist leaders therefore tread delicately. They are, however, beginning to admit their republican aims. Their wish is to establish a republic, but (a) there will be special consultation with the people on this one issue, and (b) once the Republic is established, its Government will maintain close external relations with the other members of the Commonwealth.

8. It should be remembered that most of the present Ministers have behind them a long story of anti-British activity, that they are the men who broke with General Hertzog in September 1940, owing to their insistence on so whittling down the rights promised to English-speaking South Africans in the draft republican constitution that only a guarantee of equal language rights would remain, and that in the early days of the war several, though not all, of them expressed openly an intense desire to see Germany victorious. They may be prepared to co-operate with the United Kingdom in external matters; but in South Africa itself they will probably set themselves with patience and perseverance to break the many ties of sentiment and to abandon the many joint enterprises which keep alive a feeling for the British connection.

9. By refusing to send Union Defence Force officers to courses in the United Kingdom, and still more by the new immigration arrangements, they have begun to show their hand. A smoke screen of comforting phrases has been raised in front of the immigration policy of Dr. Donges. Yet there is little doubt that its objective is to "maintain the existing composition of the established community," i.e. to prevent the numerical superiority of the Afrikaners over the English from being

reduced by an influx of United Kingdom immigrants. The provisions of the Immigration Act of 1913 are to be nullified by administrative act, and for practical purposes those of the Aliens Act of 1937 are to be applied to British subjects. British settlers will be permitted to come in comparatively small numbers; the attitude of the Government to Germans whose children may become Afrikaans-speaking people with Nationalist views remains to be seen.

Defence

10. Defence questions have received so much attention that they have been discussed separately in my despatch No. 237 of the 27th September. As General Smuts foretold, they have certainly caused "trouble." The Government appear to be torn between an emotional desire to avoid even the appearance of being a "cog in the British war machine," and a genuine fear of the Soviet combined with a dawning realisation of the, to them, unpalatable fact that without some British help no reliable system of defence can be maintained. At present the Minister's character is so mercurial, and the affairs of his department have been conducted so much in the atmosphere of a novel by E. Philips Oppenheim that it is difficult to deduce future policy from present actions. Presumably the period of sudden raids on offices possessed of secret papers, of sensational changes in the posting of senior officers and of the dramatic imputation of all manner of crimes to the former Government will pass. Then it will become possible for the Union authorities to give attention to the humdrum business of the Union Defence Forces.

African Policy

11. In so far at least as Africa is concerned the attitude of the Government is not isolationist. They will certainly press for full trading rights with their "natural" markets. They have already cast a suspicious eye on the training of African troops in northern territories, and their dislike of steps taken towards the grant of self-government in some of those territories is common knowledge. They may, it appears, be prepared to shoulder part of the burden of the defence of Africa north of the Limpopo. These tendencies have appeared in a speech in which Dr. Malan showed some desire to follow General Smuts as the exponent of what is usually described vaguely as "Pan-Africanism." But the ideas of General

Smuts as Prime Minister derive from Rhodes in the days before the Jameson Raid. Dr. Malan has inherited the narrow views of the Kruger party and does not take kindly either to the part to be played in Africa by "the Imperial factor" or to "equal rights for every civilised man." If the new Union Government is to lead in African affairs they must calm those fears of South Africa which are in the heart of every African wherever he lives, they must prove to northern communities of British origin that they are not fundamentally hostile to Britain, and they must correct South African ignorance of all that happens outside the Union's borders.

The United Nations

12. The Nationalist leaders nourish feelings of resentment against international organisations. These are the results of the rebuffs received by South Africa at the hands of an organisation which appears to them to be dominated by "coloured countries." They have held back from co-operation with the International Labour Organisations. They have, through the mouth of Dr. Donges, emphatically refused to assist the International Relief Organisation. They will be represented at U.N.E.S.C.O., but the line taken at the meetings of the United Nations is well known and springs from the resentment mentioned combined with a complete absence of a feeling that an act calculated to undermine the strength of the United Nations may be an act which will bring war closer.

Non-European Policy

13. The Nationalists have lost not a moment in attacking the Indians who, for two reasons, are a tempting target. First, they are generally unpopular and the Congress leaders are rash in their utterances, tarred with the brush of Communism, and given to invoking aid from outside South Africa. Secondly, the constant aim of the Nationalists is to provoke dissension between the "Hofmeyr Liberals" and the rest of the United Party, notably the Natal members. The Indian question is a perfect bone of contention. The Government have accordingly abolished the rights given to Indians by the Representation Chapter of the Asiatic Land Tenure and Indian Representation Act of 1946. Measures will also be taken to tighten the restrictive provisions of the Tenure Chapter and to pre-

pare a case for the extension of those provisions from Natal and the Transvaal to the Cape Province. In all of this the Government have done damage, but they have not become unpopular with most electors.

14. The Coloured people and the Africans present a more difficult problem. "Apartheid" represents less a policy than an election cry expressing an attitude of mind. As such it was eagerly accepted by many electors. They will demand no revolutionary changes but will expect a general increase in strictness. From this point of view the Government's decision to extend "apartheid" on the trains to the Cape suburban lines has been extremely popular.

15. The Nationalists say that they desire an expansion of secondary industry, a curtailment of the number of immigrants, and a reduction in the urban African population. Since there is a shortage both of skilled white and of unskilled black labour it is impossible to achieve all three objectives. In spite of one utterance by Dr. Jansen, the Minister of Native Affairs, in the opposite sense, it is becoming clear that no great change can occur in the urban Native population and that the existence in the towns of a large number of unemployable black loafers is a figment of the white man's imagination. To their credit the Nationalists have also maintained the greatly increased grants from general revenue to Native education which were made by Mr. Hofmeyr. No doubt attempts will be made to limit the number of Africans in towns. Labour bureaux will be established. There has already been a disastrous failure to follow up the late Government's decision that the Native Housing Commission should build for Natives in towns and lease the houses to local authorities, and apparently municipalities are again to be saddled with the whole burden of sub-economic housing for Africans living in the towns under family conditions. It follows that conditions of life for urban Africans will probably remain bad: it does not necessarily follow that there will be a large exodus of Africans from the towns.

16. As the Government's policy gradually discloses itself it becomes clear that the vague and woolly theory of "apartheid" is little more than a façade for the concrete aim of destroying non-European political

rights and reducing their opponents' representation in Parliament. There are three objects of attack:—

- (1) The right of Natives in the Cape Province to elect three Europeans to the House of Assembly and two Europeans to the Cape Provincial Council.
- (2) The right of Union Natives to be consulted on Native Affairs through the medium of a partly elected Natives' Representative Council.
- (3) The right of non-Europeans other than Natives to be enrolled in the Cape Province on the common roll of voters.

The first two rights were conferred by General Hertzog's Natives Representation Act of 1936 in exchange for the right of Cape Province Natives to be enrolled on the common roll which was removed by that Act. General Hertzog's original plan had been to abolish that right in return for the election of four European Senators to represent Native interests in the Senate, but under pressure from the Cape members he agreed to the grant of this additional *quid pro quo*. In effect therefore the present Native policy is a reversion to General Hertzog's original proposals. The last right is in an "entrenched clause" of the South Africa Act and in terms of that Act an alteration is possible only by a two-thirds majority in a joint sitting of both Houses. At the time of the Statute of Westminster and of the Union Status Act of 1934 various promises were made by political leaders, including members of the present Cabinet, that the wording of the entrenched clauses would be respected. The prosecution of their plan may therefore lead the Government into deep waters. At the same time, if it is carried through, it will cost the Opposition the three votes of the Native Representatives and probably a certain number of seats in the Cape Province.

Conclusion

17. A continuous thread runs through the actions and the speeches of the Government during this session. Throughout, they have sought the consolidation of their position with the electorate; and throughout, they have ignored the long-term interests of South Africa as a whole, preferring the short-term interests of "nationally-minded" Afrikaners.

18. Before the general election a feeling of dissatisfaction with United Party Ministers had spread. Suspicions that some of General Smuts's team were passengers were expressed in the nickname "the cocktail Cabinet." By contrast the Nationalist leaders appeared to be more serious, more industrious and more capable.

19. In point of fact the superior ability of the new Cabinet is probably a creation of skilful Nationalist propaganda. The Government certainly include no Ministers of "world class" such as General Smuts and Mr. Hofmeyr and probably no administrator as competent as Mr. Sturrock. The Nationalists have gained the reputation of "knowing their own minds" because they have narrow minds and because it is easy to be definite if policy towards the United Nations and South Africa's non-European population is determined solely by domestic and electoral considerations without regard to world opinion or its effects on South Africa's external relations.

20. All the same, the new Government have succeeded well in their efforts to reach their limited objective. The budget was very popular; most South Africans applaud Mr. Louw's plain speaking to the United Nations: the fact that apartheid is an attitude of mind rather than a policy does the Government no harm since the man in the street has given little thought to Native affairs, but desires a Government which will "put the kaffir in his place"; and, finally, nothing has as yet been done to touch the pocket of the English-speaking South African business man.

21. Many foretell the gradual curtailment of political rights, first of non-Europeans, then of Jews, and finally of English-speaking South Africans. Many also predict a series of moves—those aimed at non-European voters in the Cape Province being the first—designed so to alter the voting position that the removal of the present Government may become almost impossible. It is, however, unlikely that the general mass of voters are convinced that these fears are well founded.

22. At present the United Party are hardly well equipped to force the point home. The best that can be said for the party's work during the session is that it has survived. It is true that, at last, in Sir de Villiers Graaf, who won back Hottentots Holland in the Cape Province, in Dr. Marais Steyn, who beat the formidable editor of *Die Transvaler* at Alberton on the Rand, in Mr. Robinson and Mr.

Harry Oppenheimer they have some really able young Members of Parliament. Yet there are two glaring weaknesses. First, the party's organisers remain unchanged though condemnation of its organisation is universal. Secondly, no decision has yet been taken on the question of the succession to General Smuts. The division between the "Hofmeyr Liberals" and the Natal Members of Parliament remains. The Nationalists do everything possible to widen the breach and to represent their opponents as an "urban Unionist" party. Indeed the United Party misses greatly the help of its hard-hitting Afrikaners elected by rural constituencies. I, too, regret the absence of men such as Mr. Conradie of Rustenburg, who were our strong if critical supporters and in many ways the pick of South Africa.

23. Mr. Havenga holds at the moment the key position in South African politics; but his tenure is very precarious. At any moment he can force a general election; but if opposed in that election by the Herenigde Nasionale Party his party might lose all their seats. Moreover, should the Government spring a surprise general election on the country they might free themselves from dependence on Afrikaner Party votes. At present the Nationalists need him to give them the appearance of moderation, and many members of the United Party see in co-operation with the Afrikaner Party and with Mr. Havenga their one hope of returning to power and of solving the problem of finding a successor to General Smuts. Mr. Havenga keeps his own counsel, though some of his followers flirt with the United Party. At the moment all that can be said is that union with any organisation as disunited as the United Party of 1948 would seem to present few attractions.

24. Among the Nationalists it is fairly clear that, as mentioned previously, power is in the hands of a small group. Dr. Stals, Dr. Jansen, Mr. S. P. le Roux, Mr. Havenga and even Dr. Malan himself are not in this group. Four figures appear to be emerging. Mr. Louw is well known to you. He is clever and he works hard, but he is not personally popular. Mr. Swart leads the Orange Free State Nationalist Party, he is a smart debater not blessed with a great brain. Mr. Strydom is a strange and erratic figure. His portfolio is not of great importance, he has as yet played no great part in the House and apparently makes erratic incursions into the inner councils of the Party. Yet he

cannot be ignored for he is a first-class platform orator, an unreasoning fanatic, completely outspoken, completely convinced of his own virtue and wisdom, crude and direct in manner. He is supported by *Die Transvaler* and is a power in the Transvaal. His manners are good, and of all Cabinet Ministers he alone has something of General Smuts's power of conveying an impression of vitality and force.

25. Dr. Theophilus Ebenezer Donges deserves a paragraph to himself. Before the election he puzzled English-speaking South Africans. He was extremely agreeable. He had taken a degree at Cambridge, his conversation was intelligent. His manner in debate was mild and reasonable, he took opportunities to speak in English in the House and seldom failed to quote from the English classics. Yet he was Vice-President of the Broederbond. I myself met him first when, with great success, he had defended before a court martial a number of Afrikaans-speaking Southern Rhodesian soldiers who had refused to serve overseas. He made a good impression on the Rhodesians. English-speaking South Africans are credulous. They believed in Dr. Jekyll and doubted the existence of Mr. Hyde. Now, however, they are being enlightened. There has been no change in Dr. Donges's manner, he is still bland, polite and apparently reasonable. He has not followed his fellow Member of Parliament and fellow member of the Broederbond Executive Committee, Dr. Diederichs, into denunciation of the liberty of the individual and into exaltation of the State in the best style of Rosenberg's pre-war utterances. Only once, when stung by Opposition taunts, has he dropped his mask and showed his feelings beneath it. But his intentions are becoming obvious. It was he who refused all help to displaced persons; it was he who brought General Smuts's State-sponsored immigration scheme to an end and will probably bring all immigration from the United Kingdom down to a mere handful each year; it was he who forbade the relaying of Afrikaans broadcasts by the British Broadcasting Corporation; and it is he who is, by a slight change in registration procedure here, preparing the way for the gradual elimination of Coloured voters in the Cape Province. He is always quiet in manner, he always has the answers to the more obvious objections and he always appears to be making only a small change. For all this he is emerging as the brains behind a policy of taking the artichoke leaf by leaf with a view to

making the rule of nationally minded Afrikaners permanent and turning South Africa not into a Nationalist Socialist State but into a 20th century edition of Kruger's 19th century republic, whose policy he has recently declared to be very similar to the present Government's.

26. The Nationalist Government have not been long in power. Much of what I have written is supposition rather than established fact. But it is based on trends already discernible. These point, I believe, to two conclusions :

(1) The Nationalists hope to establish a republic and break as many links with the United Kingdom as they can without destroying their chances of obtaining the votes of some English-speaking people or very greatly endangering the defences of the country or damaging its external trade. Their immediate concern is to convert their present small and precarious majority into

a substantial and permanent parliamentary majority by whittling away the meagre political rights of the non-European population who usually voted for their opponents.

(2) The Government will not allow their non-European policy to interfere seriously with the growth of self-sufficiency and in particular of secondary industries. Provided there is no such interference they will deprive the non-Europeans of political rights, of posts in the professions and skilled trade in any place (including the big towns) except areas specially reserved for their use.

27. I am sending copies of this despatch to the other High Commission posts and to the United Kingdom Representative at Dublin.

I have, &c.

E. BARING,

High Commissioner.